New Investors: 1 Stock I'd Buy in a Market Correction

Description

It's official. The stock market (the S&P 500) officially fell into a correction (that's a 10% drop from peak to trough), moving just below those ominous January 2022 lows. Undoubtedly, those who'd bought on the fake bounce back were punished harshly. Although we're inching closer towards a bear market, thanks in part to geopolitical tensions and the anticipation of fast Fed rate hikes, I think that new investors should not be looking to time their entry into this market. I fear that many investors may be asking the wrong questions at this juncture.

Instead of asking when the markets will bottom or how much pain could be ahead, investors should conduct a valuation to determine which stocks are undervalued today. Indeed, a top-down approach may be used by many. Still, a bottom-up approach (starting with the individual company's valuation before the macro conditions) may be the way to go, as Mr. Market has a temporary period of inefficiency.

Market correction: New investors should look to buy value

Like it or not, the U.S. yield curve is flattening again. If it inverts, recession fears could take hold, but such an indicator should not be taken as gospel. In any case, the Fed has a hard job, as it takes into account the Ukraine-Russia crisis and how it will impact plans to hike rates. Will the schedule be delayed? It's possible. Regardless, inflation is a major threat right now, and savers are pretty much guaranteed to lose ground.

For new investors, I'd recommend keeping it safe and straightforward with easy-to-value stocks. Simple businesses with robust cash flows and a narrative that's unlikely to change due to an exogenous shock event, whether it be a Ukraine invasion or the emergence of yet another COVID variant of concern.

Without further ado, please consider shares of **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), one sleep-easy stock to ride out this market correction.

Restaurant Brands International

Restaurant Brands has been weighed down heavily by the COVID pandemic, but the times are changing for the better, at least from the pandemic front. Omicron cases are falling, and we could be on our way to post-pandemic normalcy. Given QSR has been one of the most-affected fast-food firms, given its lack of drive-thru and delivery capabilities versus some peers, I'd argue QSR has the most upside once the tides finally turn and things become normal again.

The stock has been slogging for years now. But the company has become so much better, with investments in organic growth and digital efforts. Further, the company has Firehouse Subs, a fourth brand, that could give a modest jolt to growth, as the firm gets back to expanding at the international level. Indeed, QSR has an opportunity to open new stores in areas where restaurants were forced to shut down due to COVID.

Bottom line for new investors

With a solid dividend, I'd look to buy QSR stock on any further weakness. It's a value play and dividend stock rolled into one. And its growth edge, I believe, could make a return this year if COVID is conquered.

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