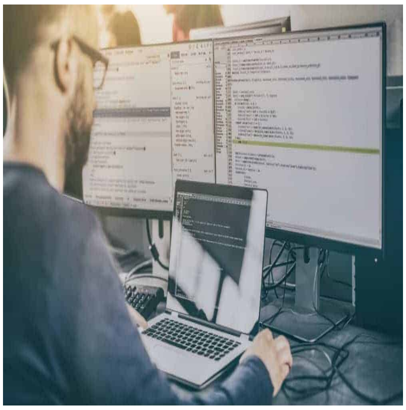

Market Pullback: 2 TSX Stocks I'd Never Sell

Description

The recent pullback in the broader markets was quite vicious. Still, compared to the rally we've enjoyed since the middle of June, the slip isn't nearly as bad as it seems in the moment. Undoubtedly, pullbacks always feel worse, especially if we just got over a bear market move in the averages. Market corrections and half corrections happen as a part of every healthy bull market. And as the market worries over what's to happen at upcoming the Jackson Hole meeting, I'd say now is as good a time as any to be a buyer of the stocks that "got away" with the recent market rally.

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You may have heard the bearish pundits return, calling for a retest of the June lows or something else ominous. Though there's no telling if this market dip is just a pause before the next leg higher or if we are destined for a steeper retreat, I'd argue the more significant risk for cash-heavy young investors is not buying anything after a brutal Monday of trade.

I think the recent pullback is more than buyable, especially when it comes to blue chips like **Bank of Montreal** (TSX:BMO)(NYSE:BMO) and **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), two TSX stocks I'm not selling and am tempted to buy on the recent pullback.

Bank of Montreal

Bank of Montreal is a banking behemoth with a mere 1.4 times price-to-book (P/B) multiple and a low 7.3 times trailing price-to-earnings (P/E) multiple. Both are well below the industry averages of 3.2 and 9.7, respectively. BMO stock isn't just cheaper than the batch or its historical averages; the yield is also quite bountiful at 4.21%.

Despite beating on earnings for four out of the last four quarters, with the last one nudging just two cents higher than the consensus estimate, analysts are downbeat going into the third quarter. Macro headwinds could weigh on profitability, and their stocks have waned considerably in recent weeks, with BMO stock shedding more than 22% as a part of the recent selloff.

With a low bar set ahead of it, I think BMO has more than enough to pull off an outstanding beat. The bank arguably walked away with one of the better bargains in the financial space, with the acquisition of Bank of the West, which certain analysts consider a relatively “fair” price. I’d take it a step further in saying BMO got away with a bargain if the coming recession is, in fact, mild.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) is a fast-food behemoth that’s coming into its own, with a recent quarterly beat that saw per-share earnings of $0.82, comfortably above the consensus of $0.73. The most exciting part of QSR is that Tim Hortons, Burger King, and Popeyes are starting to see their comparable sales trend higher.

I think the momentum across brands is just the beginning. The management team has found the sweet spot, and I believe a recession will be far milder for QSR stock than most other names on the TSX Index.

At writing, the stock trades at three times price-to-sales (P/S), which is well below the industry average, which is just shy of 14. My takeaway? You’re getting three iconic fast-food brands for one low cost. And let’s not forget about the recently added Firehouse Subs, which is an intriguing addition to the already impressive trio. Though Firehouse Subs is a lesser-known brand, I’d not be surprised if it evolves to become the next Popeyes. QSR has the marketing to take the relatively tiny brand to the next level.

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2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:QSR (Restaurant Brands International Inc.)

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