2 TSX Stocks That Give You a Better-Than-Fighting Chance in a Rough Economy

Description

Even as this current rally falters, investors should be ready to pick up their favourite stocks on the way down. It may take several months to see relief, but investors need not draw so much concern on short-lived rallies or dips. Instead, they should be focused on investing for the next three years. Over such a timespan, this bear market should be viewed more as an opportunity than a travesty.

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With inflation data, earnings, and more Fed chatter to come, things could go either way. That's why it's not a good idea to overreact. Doing so could cause you to miss out on the one sustained rally that's needed to lift us out of this bear market.

Indeed, a few more short-lived bear bounces could trick us into a chase. But all it takes is one sustained rally to pave the way for a bull. Here are two stocks to stay invested in, even as recession knocks on the door.

Jamieson Wellness

Jamieson Wellness (TSX:JWEL) is a vitamin, mineral, and supplement maker that's down around 23% from its high hit back in 2020. As recession hits, don't expect consumers to ditch Jamieson for a cheaper, off-brand vitamin, though. The Jamieson brand is too powerful to lose ground at the first hint of economic weakness.

With defensive characteristics and an ambitious plan to grow its presence in the Chinese market, I'd not be so quick to sell as JWEL stock attempts to find its footing after nearly three years of big ups and downs.

The stock trades at 27.36 times trailing price to earnings (P/E) and with a 2.03% dividend yield. That's a rich multiple and a modest dividend yield. One would think there are more intriguing value opportunities in the market after this nearly year-long bear market.

However, I view the premier P/E as well deserved, given JWEL is a defensive growth company thatcan stay healthy in a not-so-healthy economy. Looking ahead to 2023, I think the stage is set for a nice move higher, as the lesser-known $1.38 billion mid-cap flexes its brand muscles.

Restaurant Brands International

Restaurant Brands International (TSX:QSR) is a fast-food juggernaut (owner of Tim Hortons, Burger King, Popeyes Louisiana Kitchen, and Firehouse Subs) that's been surging high of late. Since bottoming out this summer, shares of QSR soared by around 45%. That's a huge upside move that could be just the start, as the play looks to flirt with all-time highs of $102 and change not seen since 2019.

Undoubtedly, a lot of pundits are excited over the addition of ex-Domino's Pizza chief executive officer Patrick Doyle to the executive team. Doyle knows how to turn the tides in the fast-food industry. And if there's a firm that needs such a turnaround artist, it's Restaurant Brands.

I share the enthusiasm of pundits and analysts who upgraded the stock over the Doyle move. We could remember the key hiring as the moment QSR turned a corner. At 21.59 times trailing earnings and with a 3.25% dividend yield, the stock remains stupidly cheap in the face of a downturn (recessions tend to be kinder to fast-food companies!). As such, I'd not hesitate to buy more shares for the dividend and capital gains upside.

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