Grow Your Way Out of the Recession With These 3 Stocks

Description

Whether this upcoming recession will be a once-in-a-generation ordeal or not remains to be seen. What is certain, however, is investors are in for some pain in the near term. How one chooses to deal with this environment depends on one's risk appetite. For example, one can either become defensive or go on the offense.

In this article, I'm going to provide three options for aggressive growth investors.

CGI Inc.

Most investors who follow the broad indexes will notice that technology firms, particularly large technology companies, have fared the best in this recent market downturn. The reasons are many. It appears the underlying tone among many investors is that, at least in North America, industrial production is so 1950s. They see technology as the place to be for the long haul.

The idea that data centres are our new factories is not a new one. IT companies like **CGI Inc.** have been making this bet for some time, with great success. CGI has consolidated various IT functions in this space, namely outsourcing and consulting. By doing so, CGI has taken advantage of long-term secular growth trends that are getting stronger with time.

Most domestic companies are going digital and looking for ways to enhance productivity. Therefore, CGI is uniquely positioned for growth amid otherwise bearish, pessimistic market sentiment at present.

BCE Inc.

Another beneficiary of a strong secular growth trend I expect will continue for the long term, Canadian telecommunications giant **BCE Inc.** is one of my top picks. BCE, like its peers, provides the backbone of streaming by providing the "plumbing" of the internet and telecommunications infrastructure. This is key to the overall push to digitization we're seeing among individuals and businesses. With 5G coming online now, and overall mobile data usage on the rise (with no signs of slowing), this secular growth trend remains strong for BCE investors.

The company currently trades at an attractive multiple of approximately 7 times operating cash flow. This is a low multiple, compared to BCE's peers. In addition, BCE is unique, with diversified operations in other market segments like media. Further, BCE has had a dividend yield in excess of 5% for some time now. Therefore, the company provides a juicy dividend in addition to a strong growth profile for investors.

Restaurant Brands

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR) is a company that provides investors with both safety and a healthy dose of potential growth in this uncertain environment. The parent company of Tim Horton's, Burger King, and Popeye's Louisiana Kitchen has a solid stable of brands which has done well from a growth perspective in recent years, particularly in China. Many of the company's Chinese locations are now re-opened. Some of the uncertainty around future earnings should subside perhaps sooner than later, maybe in the next few quarters.

I think Restaurant Brands is uniquely positioned to grow post-pandemic for one key reason: real estate. The company's largest fixed cost is real estate. These real estate costs should drop precipitously as vacancies shoot through the roof. Therefore, Restaurant Brands will have re-negotiating power for its existing locations. In addition, Restaurant Brands may have relatively inexpensive leases and build out costs for new locations. This may provide a perfect storm to grow out of this mess in a capital-light fashion.

Stay Foolish, my friends.

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