Top TSX Index TFSA Pick for 2019

Description

Dip buying isn't working anymore! Former Fed chair Alan Greenspan is urging investors to sell, sell, sell! Everybody is running for the hills, and in the meantime, Warren Buffett is probably licking his chops at all the bargains that have presented themselves after the October-December sell-off that's expected to spread into 2019.

It's hard to believe that just a year ago that Ray Dalio, a billionaire and a genius investors by anyone's standards, said that you'd "feel stupid" by holding cash as the markets took off, going parabolic for a very short periods before it corrected back to earth.

For new investors who took Dalio's words of wisdom, they received a punch to the gut, but for investors who did the Foolish thing by battening down the hatches by being fearful as others were greedy, these investors are probably are feeling the opposite of "stupid" for being contrarian by holding cash and defensive dividend-paying securities as others doubled down on cyclical stocks, possibly with borrowed money.

The lesson for new investors? Don't trust some random billionaire's words, unless of course, this billionaire's name is Warren Buffett, the greatest investor and teacher of our time. As everybody applauded last January's melt-up, Buffett's cash hoard swelled, and while he's put some of this hoard to work in the last quarter, as I'm sure you've noticed, he's down and down big over the last months, as are most investors.

If I had to guess, Buffett has probably since doubled down on the near-term losers that were made public in his 13F filing. Stocks are much cheaper, after all, and if you're a Buffett follower, you already know what you should be doing: buying stocks of undervalued businesses that've been scattered throughout the TSX index.

While the fear-inducing commentary from market pundits is enough to scare you out of stocks entirely, you need to remember that these folks won't be held accountable to their short-term forecasts should they end up being wrong. Thus, it's pointless to attempt to time the market on the coattails of folks who are trying to make a name for themselves with confident predictions over where the markets are headed next. Simply put, around half of the so-called pundits in the mainstream financial media are going to be wrong and half are going to be right. You're not going to hear from the ones who are wrong though!

We're against timing the market here at the Motley Fool. We're all about buying pieces of businesses that we plan to hold for the long term, and whenever we can get them at a discount to their intrinsic value, we're not afraid to loosen up the purse strings to collect the unwanted merchandise of fearful investors who've thrown in the towel.

Now, we could be in a bear market or crash, so it's only prudent to start buying quality dividend-payers to start. At this juncture, **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) stands out as a bargain that's down in the ditches.

With a seasoned management team in 3G capital, a high growth ceiling, and a proven capital-light royalty model that could yield massive dividend growth over the long-term, I think it makes zero sense that the stock trades at just 14 times next year's expected earnings.

Double-digit earnings growth potential, a high upfront dividend, the ability to withstand a market downturn and stewards that know how to get the job done are what you're getting with Restaurant Brands. And for the price of a no-growth stalwart, it's perplexing as to why the company is down so much in the near-term given its products are "inferior goods" that are poised to fare well in an economic downturn. If anything, investors should be flocking to the name for the 3.3% yield and its resilience as a defensive fast-food firm.

Undoubtedly Burger King's recent slowdown has undermined the progress at Tim Hortons of late, but still, given what you're getting for the price, I think it's tough to lose big money with shares as depressed as they are today.

Foolish takeaway

Don't catch any falling knife. Spot the highest quality dividend-paying bargains, and ensure you have plenty of cash for seconds, thirds, and fourths, as the markets continue to wreak havoc on the broader basket of dividend darlings.

Stay hungry. Stay Foolish.

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