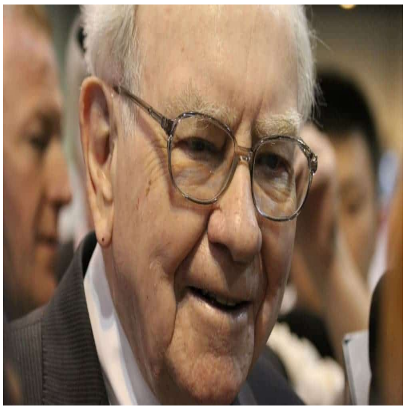

Warren Buffett's Latest Words of Wisdom Could Stop You From Making This Massive Mistake

Description

I have a feeling that we haven't seen the last of the violent growth-to-value rotation that we witnessed last week.

While growth stocks have been what's been winning over the past year, one must never lose sight of the price paid and the value received for a stock. As Warren Buffett once said in response to **Berkshire Hathaway**'s uncharacteristic bet on the seeming expensive **Amazon.com**, "all investing *is* value investing."

Take it from Uncle Warren

Even if you consider yourself a growth investor, you should *always* consider the price you'll pay for the magnitude (and quality) of growth you'll receive over time. The last thing you want to do is pay up for many years' worth of future growth upfront and get caught holding the bag as the momentum in a "hot" name suddenly runs dry.

Even the fastest-growing quality growth stock in the world can lose you big money if the price isn't right. And while it's harder to value rapidly-growing firms within nascent industries, it is well worth the extra homework.

Although it wasn't Buffett who pulled the trigger on the high-flying Amazon.com (even though he's a massive fan of Jeff Bezos), Buffett had no objections when it came to the investment that'll likely continue to grow over time. His comments seem to suggest that he's willing to allow Berkshire to change its investment philosophy to adapt with the times.

By giving too much consideration for traditional valuation metrics with little to no consideration for the long-term growth story, you could risk missing out on some of the greatest wealth-creating plays of our time. That's a big mistake, especially for young investors who need to be growing their wealth.

Consider **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), a stock that many investors have deemed as expensive since the stock hit the public markets around five years ago. The stock trades at a seemingly absurd 31.1 times earnings, 10 times book, and a whopping 25.1 times cash flow.

As a value investor, such traditional valuation metrics ought to have you cringing. When you consider the nearly 10% and 17.7% in annualized top-line and net income growth, respectively, the valuation suddenly seems justified.

Let's take it another layer deeper.

Restaurant Brands owns some of the most prized brands in the entire fast-food industry. But you're not going to find the intrinsic value of such brands on the balance sheet because it's nearly impossible to quantify.

Moreover, these brands, including Tim Hortons, Burger King, and Popeyes, may be worth a lot more than most analysts seem to think. They allow Restaurant Brands to pursue international growth with minimal capital at a low-risk thanks to its various strategic partnerships.

Brands are a powerful thing, and when you have a brilliant management running the show in 3G Capital, you've got a cash cow that'll not be going towards a corporate jet, but back into the pockets of investors in the form of upped dividends.

Sure, the Kraft Heinz situation may have caused Restaurant Brands stock to sour as 3G Capital sold shares of its winner (QSR), potentially to finance its loser (KHC), but Restaurant Brands investors should nothing of the move. It's merely an opportunity to nab shares at a 10% discount to where they were a few weeks ago.

The fundamental story hasn't changed. The company is doing a lot of things right, especially innovating, with its menu to drive comps.

When you consider the predictable, defensive, and "growthy" nature of Restaurant Brands' earnings stream, only then does it become clear that the stock is worth a hefty premium — and possibly worth even more than the "modest" 31 times trailing earnings that shares currently trade at.

Foolish takeaway

All investing *is* value investing. Restaurant Brands is one of those stocks that stands out to me as both a growth and a value investment at today's prices. Foolish investors would be wise to pounce on the name today and not make the mistake of labelling all "high P/E" stocks as expensive.

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