



Warren Buffett's Canada Stock Picks to Survive a Bear Market

Description

Legendary investor Warren Buffett has a self-imposed rule of investing only in American companies. But if he breaks this rule to take positions in Canadian firms such as **Suncor** ([TSX:SU](#))([NYSE:SU](#)) and **Restaurant Brands** ([TSX:QSR](#))([NYSE:QSR](#)), there's more to that than meets the eye.

Given that Buffett is a known proponent of value investing, you could conclude that the two stocks are value stocks. It means the companies are trading below intrinsic values and have yet to reach their full potential. From another angle, you can determine that Buffett's stock picks can weather a bear market.

Second time around

Aside from being non-U.S. based, Suncor is only one of two energy stocks in Warren Buffett's portfolio. Investing in Suncor is one of his classic moves as a value investor. He first invested in one of Canada's biggest oil and gas companies in 2013, then sold the shares in 2016.

There was a miscalculation on the part of Buffett. In the fourth quarter of 2018, the billionaire repurchased Suncor shares. He sees great potential from Suncor's operations in span oil sands developments, offshore oil production, bio fuels, and even wind energy.

Retirement planners regard this integrated energy giant as a buy-and-hold stock. Time and again, Suncor has weathered economic downturns. Otherwise, the company would not have a dividend streak of 17 years.

You can purchase the stock today at \$39.78 per share at writing and [keep it for as long as you like](#). The stock pays a dividend of 4.19%. Even with the current sector weakness, analysts are predicting a potential gain of 50.8% in the next 12 months.

This energy stock is Warren Buffett's inspired choice. Value investors pick companies like Suncor because of its financial health and growth prospects. For Buffett, these are signs that a stock can outperform the market regardless of the environment.

Junk food empire

The name **Restaurant Brands** is not as popular as Suncor, as not everyone knows that it owns three famous fast-food brands in Canada. Yes, folks, the company owns Tim Hortons, Burger King, and Popeyes' Louisiana Kitchen.

Warren Buffett has investments in 18 junk food brands. Of that total, 15 are American brands that include Chips-Ahoy, Oreo, Jell-O, and Kool-Aid, among others. Tim Hortons is giving **Starbucks** a run for its money while Burger King is emerging under the shadows of **McDonald's**.

Today, the quick-service chain is producing \$30 billion in system-wide sales worldwide. These Canadian brands are present in 100 countries, with about 24,000 restaurants serving customers. Burger King is the top money maker, followed by Tim Hortons and Popeyes.

Amid the slowing global economy and the protracted trade war between the U.S. and China, the stock is outperforming the general market. The stock is up 27.75% year to date and pays a decent 3.0% dividend, which is [100% safe in a bear market](#).

Restaurant Brands is quickly gaining ground as North America's hottest quick-service franchises. The three respected brand names have established distinctive identities. While operations are autonomous, it transforms into size and power when taken collectively.

A highly optimistic future awaits Restaurant Brands. Over the next few years, international earnings are projected to rise by 68%. Tim Hortons and Burger King are gaining strong momentum abroad. More vigorous cash flows will start to feed into a higher share value for this quick-service restaurant chain.

Stocks for all season

Warren Buffett has a knack for picking winning stocks. Suncor and Restaurant Brands are among his top value stocks. Regardless of the market environment, both companies should continue to do well. You get real value for your money all season long.

CATEGORY

1. Dividend Stocks
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