



## Warren Buffett Loves These TSX Stocks

### Description

Warren Buffett is one of the greatest investors in history. He's given plenty of insight into how he's made his riches, but his greatest piece of advice is simple: only buy what you love. "Only buy something that you'd be perfectly happy to hold if the market shut down for 10 years," he said.

When you do fall in love with a stock, Buffett recommends going all-in. "Opportunities come infrequently," he notes. "When it rains gold, put out the bucket, not the thimble."

With this attitude, it's fairly easy to figure out which stocks Warren Buffett loves: simply look at his current holdings. If he didn't love the company, he wouldn't own it.

Which [TSX stocks](#) does Buffett adore? Let's find out.

### Integrated energy

In the fall of 2018, Canadian energy stocks slumped hard. Note that I didn't say *all* energy stocks — just *Canadian*. That's because the issues were purely domestic. As the year was coming to a close, a surge of oil and gas volumes overloaded the country's pipeline infrastructure. There simply wasn't enough space to ship every producer's output.

With nowhere to push their oil, companies bid to the death. Local oil prices fell below US\$15 per barrel, while U.S. prices remained above US\$50 per barrel. To correct the issue, Alberta instituted a production limit for nearly every producer.

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) wasn't immune to industry troubles. From July to December, shares fell by nearly 40%. That's when Buffett decided to capitalize, scooping up 10.8 million shares, nearly 1% of the entire company. This is actually the second time he's owned shares, and his existing knowledge of the company likely helped him act quickly.

What's so special about Suncor? Unlike most Canadian energy companies, it operates an integrated model. That means it controls the entire value chain from exploration and production to transportation

and refining. This is a huge advantage. For example, Suncor owns its own pipelines, so it doesn't need to rely on competitors to ship its product. Additionally, its refineries are often counter-cyclical, so when oil prices fall, refining margins typically rise, offsetting each other's volatility.

Suncor stock has traded sideways since Buffett's investment, giving other investors an ability to invest alongside the guru without paying a premium.

## Embrace the food

Buffett owns 8.4 million shares of **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) worth roughly \$600 million. Based in Ontario, Restaurant Brands is the third-largest restaurant company in the world, owning well-known brands like Burger King, Tim Hortons, and Popeyes.

The stock has experienced a strong run in recent years, doubling in price since the start of 2016. Yet since August, shares have dipped 20%, pushing the dividend yield up to 3%, giving investors a rare chance to buy the stock at a discount. Priced at 24 times earnings, shares still aren't cheap, but with one of the most iconic brand portfolios in the industry, Restaurant Brands has continually proved that it's worth the premium.

Over the next five years, analysts expect EPS to grow by at least 10% annually. If that forecast becomes reality, the current valuation is actually quite fair. With plenty of international growth left, plus a high-margin franchise model that generates a tonne of cash, it's not hard to understand why Buffett continues to hold this \$40 billion stock.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SU (Suncor Energy Inc.)

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