RRSP Investors: Here's Why it's Time to Buy This Warren Buffett Dividend Stock

Description

When it comes to buying for an RRSP, it helps to go long range and stick to reassuring passive income from low-maintenance assets. While some investors favour bonds and funds, others seek out the kind of stress-free TSX stocks that have proven again and again their reliability, strength, and portfolio performance. The key qualities to look for in an RRSP stock, therefore, are predictability and returns.

There are numerous reasons to buy a stock, from value opportunities to a sudden bout of upward momentum and from a spooked market to hints of a takeover. Today, there are a few reasons to take another look at **Restaurant Brands International** (TSX:QSR)(NYSE:QSR). Let's break them down.

Defence, income, and a famous investor

If you're new to buying TSX stocks, you might want to follow in the footsteps of an investor whose strategy you admire — someone like Warren Buffett, for instance. The master investor has long favoured fast-food stocks, and when his **Berkshire Hathaway** portfolio favours a stock with Canadian exposure, it's usually worth a look.

Value for money is another great reason to buy stocks, but you'd have to wait for a dip here. However, while waiting for a dip may be reasonable for a new investor with time to manage a dynamic portfolio, a better play for a low-risk retiree may be to single out stocks that are perennially good value for money, and that pay suitable high dividend yields.

Restaurant Brands is a touch on the expensive side, with relatively high market ratios. However, its 3.2% dividend is still fairly appetizing nevertheless, so as a tasty passive-income buy, there is a fairly strong thesis here for buying at the current valuation and locking in that yield. A strong stock doesn't have to satisfy a strict value investing strategy.

Income growth potential is another key reason to get invested in Restaurant Brands. With the company's trident of fast-food businesses pushing deeper into new territories, its 3.2% dividend yield could potentially climb in coming years. With a payout ratio of 78%, there is room for a dividend hike, which may be on the cards if the company can pull in a few strong consecutive quarters.

Defensive qualities abound with a food stock with the kind of market share commanded by Restaurant Brands. With its triple whammy of Tim Hortons, Burger King, and Popeyes, the umbrella company matches a fairly wide economic moat with a recession-ready business model. For retirement investors looking for a business they can take their eyes off for a few years, Restaurant Brands is a resilient choice.

The bottom line

By building an empire of fast-food assets, Warren Buffett has kept his recession-resilient edge — but with a potential downturn in the works, it may be time for that portfolio of foodstuffs to prove its worth. Still, given the surefire defensiveness of consumer staples and the tendency towards little luxuries and affordable comfort food during times of stress, any investor in the Tim Hortons owner is in a fairly safe spot.

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