



## A Warren Buffett Dividend Stock I Just Bought for My TFSA on the Dip!

### Description

If you've yet to buy something with your latest 2020 Tax-Free Savings Account (TFSA) contribution, now may be the time to act while the **TSX Index** is in correction territory.

The global markets are in panic mode over a shock that few saw coming. While it's tempting to lower the bar further given the dire circumstances (and the recent barrage of negative revisions), one must avoid the urge to time the market's bottom — an impossible feat that often leads to missed opportunities.

From a historical perspective, past disease outbreaks have not had a long-lasting impact on the stock market. And while some pessimistic pundits may claim that this outbreak is different, one must always put their skeptic's hat on whenever overly bearish (or bullish) commentary becomes the hot topic in the heat of the moment.

Whenever you hear "things are different this time" regarding an impossible-to-predict exogenous event, the markets are bound to overreact either to the upside of the downside.

In the case of the recent outbreak, it's to the downside. Now that everybody's in a state of fear, it's time to start getting greedy with some of the more compelling opportunities that have presented themselves.

At this juncture, **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), one of the fast-food plays that [Warren Buffett is fond of](#), stands out to me as a top pick amid the market-wide pullback.

The fast-food juggernaut has a tonne of untapped international growth potential, a management team that knows how to expand while driving same-store sales (SSS) through the roof, a very generous capital return program (the mouth-watering 3.5% yield is positioned to grow further), a potential turnaround for the ages in the works at Tim Hortons, and quite possibly the hottest fast-food brand in Popeye's Louisiana Kitchen following the recent blowout success of its legendary chicken sandwich.

There are [a lot of things to love](#) about Restaurant Brands, but of late, none of it matters given that investors are panic-selling stocks, especially those with businesses that are vulnerable to the devastating impact of the rapidly-spreading coronavirus (COVID-19).

Travel and airline stocks have taken a brunt of the damage, with restaurant stocks following closely behind as investors seek to rid themselves of anything that could draw crowds.

While Restaurant Brands is far from a perfect play given the company-specific and industry-wide challenges that lie ahead, I'm enticed by the longer-term risk/reward trade-off.

While the stay-at-home (or don't-go-outside) economy could further accelerate over the coming quarters, Restaurant Brands is far more robust over the intermediate-term than most believe.

First, fast-food is an inferior good that's more likely to sell during times tough economic times. For those concerned that a global pandemic could propel us into a sustained economic downturn, Restaurant Brands is one of the stocks that should be immune from excessive downside. The dividend is bountiful, healthy, and is ripe to grow regardless of where the markets find themselves over the next year.

Second, with the rise of third-party delivery services, fast-food giants like Restaurant Brands will still be able to reach the stay-at-home crowd with potentially attractive promotions.

Nobody knows if the panic will evolve into one of the worst crises of our generation. That's the risk you run by buying into stocks right here.

Regardless, I see Restaurant Brands as a wonderful business with a risk/reward trade-off that's tilted in the investor's favour. The stock trades at 14.7 times next year's expected earnings, which is far too low given the firm's defensive characteristics and its double-digit revenue growth potential.

As U.S. earnings growth flattens to zero, Restaurant Brands is one of the few firms capable of bucking the trend.

Stay hungry. Stay Foolish.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

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