



2 Warren Buffett Stocks That Have Crashed Over 50% in the Selloff

Description

The misery continues to pile on for equity investors. Yesterday the **iShares S&P/TSX Index ETF** fell 6.3%, bringing the total decline in the last month to 33%. The bear market has not spared even the world's most famous investor, Warren Buffett.

The Oracle of Omaha has seen a massive decline in two of his holdings. At the end of the December quarter, Buffett's **Berkshire Hathaway** held a 4.3% stake in payments company **StoneCo** ([NASDAQ:STNE](#)) and a 1.6% stake in Canadian fast food chain **Restaurant Brand International** ([TSX:QSR](#))([NYSE:QSR](#)) and both companies have seen their stocks nosedive in the selloff.

Warren Buffett bets long term on StoneCo

Warren Buffett owns 14.16 million shares in StoneCo, a Brazil-based financial technology solutions company. StoneCo provides a cloud-based technology platform that sells solutions to integrated partners, including payment service providers (PSPs).

The payment service providers generally have a contract with merchants, providing them with payment acceptance solutions and a marketplace to conduct their business. It helps enterprises get paid and grow their businesses and aims to provide solutions to meet the rapidly changing demands on small- and medium-sized enterprises.

However, with the recent onset of the COVID-19, retail businesses all over the world have taken a massive hit. The global population is focused on purchasing only the essential goods and services, which means that companies such as StoneCo will experience a rapid decline in top-line growth in the near term.

StoneCo has managed to increase sales from \$309 million in 2018 to \$504.4 million in 2019. While analysts expect the company's sales to grow by 41.2% in 2020, these forecasts should be revised lower given the recent developments and significant drop in consumer demand.

StoneCo stock is currently trading at USD\$21.74, which is 53% below its 52-week high, grossly

underperforming the broader indexes.

Restaurants Brand International stock is down over 50% in this selloff

Another Warren Buffett stock that has plunged rapidly is Restaurants Brand International. Warren Buffett owns 8.4 million shares in QSR, and the company's stock has declined by 53% in the last month. QSR shares are currently trading at \$40.64, which is 62% below 52-week highs. This massive decline has increased QSR's forward dividend yield to a tasty 5.8%.

While Canada has not issued a lockdown yet, few people are having their meals outside. The focus on social distancing has meant people will self-quarantine and go out only to buy the essentials from stores and supermarkets.

However, China is slowing getting back on its feet after two months since the coronavirus outbreak, and the same can be expected in most other countries.

QSR shares will zoom ahead at a fast pace once normalcy is restored given its brand value in Canada and a vast network of 23,000 restaurants in 100 countries.

The verdict

The bear market has provided investors with an opportunity to buy stocks with strong fundamentals at an attractive valuation. The global economy is set to experience a pullback over the next two quarters, and the markets have reacted accordingly.

However, Warren Buffett once famously stated, "Be fearful when others are greedy, and be greedy when others are fearful."

Is it now time to double down and buy QSR and StoneCo — companies that have lost over 50% in market value? After all, stock markets have always [created considerable wealth](#) for long-term investors.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:STNE (StoneCo Ltd.)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)

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