Coronavirus Stock Market Crash: A Warren Buffett Stock I've Been Buying Aggressively on the Way Down

Description

The coronavirus stock market crash has caused many investors to run for the hills. But as a Foolish investor, you need to find it within yourself to go against the grain, even if that means losing a fortune over the near-term amid the negative momentum.

There's no easy way to buy the dip. It's painful, and it can take an emotional toll on you. But it's times like these, when the sky is falling, where most of the money is made in stocks.

Some bargains are just too good to pass on!

Not only is the coronavirus stock market crash terrifying, but it's also caused a cash crunch.

Many investors who are short on liquidity are being forced to sell, opening up a window of opportunity to buy stocks at massive discounts to their intrinsic value. With the **TSX Index** down around 35% from peak to trough, one could argue that there are bargains that exist today that could rival the opportunities during the bottom of the 2008 Financial Crisis.

That's not to say that we're anywhere close to a bottom, however. You've just got to throw money at the bargain all the way down. And to do that, you need your dry powder to last you for at least a few more months.

I started buying **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) early, took a massive double-digit hit to the chin, and I'm continuing to buy as shares become cheaper. It hurts. But similar to weightlifting, investing during a market meltdown is all about pain and gain. Short-term pain for long-term gain.

Restaurant stocks under pressure

Restaurant Brands is a wonderful business with outstanding long-term fundamentals. I'm throwing more money into this black hole of a stock because I see it as so profoundly overvalued that even if the stock tripled, it still wouldn't be at a valuation I'd consider expensive.

Restaurant stocks have taken a brunt of the damage amid this implosion. There's no more dining in, and pretty soon, all restaurant chains could close up shop for weeks (or months) at a time. That's a tonne of lost business, but it's not the fault of the restaurants.

Moreover, government relief could be on the way for the ailing restaurants as their balance sheets are put to the test. Restaurant Brands has $13.4 billion in debt sitting on the balance sheet, and the dividend is a hefty commitment, but I see the company as one that can navigate through these tough times and come roaring back.

It'll survive the onslaught and will be back to raking in ample amounts of free cash flow once this pandemic is over. As such, I see QSR as one of the stocks that could come roaring back on any promising news relating to the coronavirus.

For now, you can pick up the fast-food kingpin at a ridiculous 9.4 times EV/EBITDA and 3.3 times book while you collect the 6.6%-yielding dividend, which I believe to be safe.

Foolish takeaway on buying the coronavirus stock market crash

It hurts to buy in the middle of a coronavirus stock market crash, but if you have to hold your nose and do some buying today.

The risk of losing big money over the near term, I believe, has become less than the risk of missing out on the bargains that exist right now.

Restaurant Brands is a stock that I've personally been backing up the truck on, and I'll continue to do so on the way down. Shares are down around 60% from their peak levels, which is excessive and overblown beyond proportion.

As the world looks to shut down, QSR stock could continue to get hit, so be ready to keep buying on further weakness.

Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn

3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/08/24
Date Created
2020/03/20
Author
joefrenette