



## Why Isn't Warren Buffett Buying Distressed Assets During This Market Crash?

### Description

You'd think Warren Buffett would be licking his lips in anticipation right now. After all, there are currently hundreds of excellent stocks that have fallen to [downright reasonable valuations](#).

It's also easy to argue that the man many call The Oracle of Omaha has been waiting his whole career for such an opportunity. One of the keys to Buffett's many billions has been gobbling up assets when they're unloved. He simply sits back, accumulates cash, and then will pounce when there's a buying opportunity.

And yet, Buffett hasn't done anything. If the world is suddenly flush with bargains, why hasn't Warren Buffett announced an acquisition or two? What exactly is he waiting for, anyway?

Let's take a closer look at what Buffett may potentially be thinking. Here's why I think he hasn't been very active at this point.

### It's too early

Many investors — me included — feel like we've just been through the longest month of our lives. The speed at which everything turned to chaos surprised most everyone. It feels like we've been through a six-month bear market.

Warren Buffett is wired a little differently. Like the rest of us, he's probably glued to the television, eagerly awaiting the next shoe to drop. But he's also been through a bunch of turbulent markets before. He's likely content to wait, knowing these things have a way of getting worse before they get better.

Remember, the market plunged for months in 2008 before Buffett started wheeling and dealing. Many companies are in dire straits today, but it's too early for most. They're hoping for a V-shaped recovery.

## Behind the scenes

Just because Warren Buffett hasn't announced a big deal doesn't mean he isn't buying stocks behind the scenes, however. I think we'll see Buffett added significantly to his portfolio of publicly-traded securities the next time **Berkshire Hathaway's** portfolio is released publicly, which is slated for the early part of May.

One Canadian stock that Buffett might be buying today is an old favourite. **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) is the parent company of some of the world's best fast food brands, including Tim Hortons, Burger King, and Popeyes Chicken. Together, these three brands do more than US\$32 billion in worldwide sales and have more than 26,000 locations.

Remember, Buffett helped finance the company before, taking on preferred debt to help the acquisition of Tim Hortons go through.

I'm the first to admit the near-term doesn't look good for the [fast food industry](#). But good investors shouldn't worry about short-term issues. They need to be concerned with the long-term. And as Warren Buffett knows, restaurant volumes at the company's brands will be back to normal soon after these coronavirus issues are behind us.

Buffett should also be attracted to Restaurant Brands' suddenly cheap valuation. A little over six months ago, Restaurant Brands shares were over \$100 each.

These days, the stock trades hands on the **Toronto Stock Exchange** at \$56 despite recently reporting 8% sales growth in 2019 and adjusted earnings of US\$2.72 per share.

And although Warren Buffett doesn't usually care about dividends, I should note QSR shares yield a robust 4.9%.

## The bottom line

Warren Buffett is notoriously patient, and he's been sitting on a huge hoard of cash for years now. The moment he's been waiting for has finally arrived, but he isn't doing much of anything.

Investors must remember that we could still be in the early innings of a bear market. Buffett is patiently waiting for the right moment, trying to find the best time to put his cash to work. I think that'll come in the next couple of months.

In the meantime, however, I'd wager that the Oracle of Omaha is quietly buying up cheap stocks — like Restaurant Brands International.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

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

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