



2 Warren Buffett TSX Stocks I'd Buy With an Extra \$6,000

Description

Following gurus like Warren Buffett into investments can get you in a heap of trouble. Not only will you stand to get a substantially higher cost basis by acting after learning of Buffett's latest moves, but you'll also be left holding the bag should Buffett exits his position abruptly.

If you followed Buffett into [Delta Air Lines](#) stock early on in the coronavirus crash and followed him out after his latest round of selling, you took a massive hit to the chin — you found out first hand why it's never a good idea to follow anyone into or out of stocks without doing your own homework.

That said, there's no shame in riding on Warren Buffett's coattails if you've already done your own homework on a name and are able to get in at a much better price than the Oracle himself.

Consider **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), two TSX-traded Warren Buffett stocks that could allow you to obtain a better cost basis after the recent coronavirus crash.

It's these two stocks I'd look to buy if I had an extra \$6,000, but which one is right for your portfolio?

Restaurant Brands: A dirt-cheap defensive growth stock

COVID-19 has wreaked havoc on the restaurant industry thanks to restrictions on dine-in and the rise of the "stay-at-home" economy. Many smaller, poorly capitalized restaurants are sadly not going to make it out of the coronavirus crisis alive. Restaurant Brands will not one of these victims because of its deep pockets and relatively healthy balance sheet.

When the pandemic finally ends, people will return to fast-food restaurants like Tim Hortons, Burger King, and Popeyes, the latter of which made a tonne of noise with its chicken sandwich before the pandemic sent the industry into a tailspin.

As fast food is an inferior good that provides a decent value proposition when times are tough, I suspect fast food stocks like Restaurant Brands will lead the upward charge once dining in is allowable

once again and consumers start aggressively tightening the belt.

Fast food stocks are well versed to do well during a recession, and when we enter the post-pandemic phase, I see Restaurant Brands as one of the TSX's biggest winners. The 5.4% yield is safe and the bar has already been lowered for the floor for the first and second quarters.

Suncor Energy: Warren Buffett's preferred way to play the Canadian oil sands

Energy is another sector that took a massive hit this year — not only because of the coronavirus-induced demand shock, but also because of the sudden crumbling of OPEC+.

Despite the seemingly insurmountable headwinds, Suncor is a compelling buy for value-conscious investors willing to ride it out for the next 10 years and beyond.

Warren Buffett probably keeps buying shares of Suncor, not because he foresees higher oil prices, but because he likes the [well-covered dividend](#) and the absurdly low multiple on shares. Individual investors should view Suncor in the same way. The stock sports a generous (and safe) 7.8% dividend yield and is trading at a 16% discount to book.

The wonderful business can hold its own when the tides go out thanks to its integrated operations and with a generous amount of capital that's been returned back to shareholders over the years, investors should seek to build a position in spite of the dire headwinds.

With the Saudi-Russia oil feud causing immense pressure on both sides, I suspect US\$20 West Texas Intermediate is unsustainable. As such, Suncor appears to be a low-risk way to get paid to wait for geopolitical tensions to resolve themselves.

Stay hungry. Stay Foolish.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn

3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date

2025/08/24

Date Created

2020/04/08

Author

joefrenette

default watermark

default watermark