



Warren Buffett Is Holding Onto These 2 Super TSX Stocks

Description

Warren Buffett, [in 2020](#), maintains his position that U.S. stocks will be great investments over time. His conglomerate **Berkshire Hathaway** invests in American companies. **Bank of America**, **Coca-Cola**, and **Kraft Heinz** are Buffett's top three stock holdings. However, there are two exceptions.

Berkshire owns a pair of stocks from north of the border: **Restaurant Brands International** ([TSX:QSR](#)) ([NYSE:QSR](#)) and **Suncor Energy** ([TSX:SU](#)) ([NYSE:SU](#)). I suppose Buffett will only break his rule over super TSX stocks.

Rallying resto stock

Restaurant Brands is the owner and franchisee of famous global brands Burger King, Tim Hortons, and Popeyes. Businesses in the quick-service restaurant industry took a heavy toll due to the stay-at-home directives and lockdown measures.

Investors in this restaurant stock are losing by 11.17% year to date, Investors are losing 11.17% year to date, although QSR is coming from a 77% rally after sinking to a low of \$40.64 on March 18, 2020. As of this writing, the price per share is \$71.92, while the dividend yield is 3.94%.

Restaurant Brands is an industry heavyweight and a veteran in fast-food chain operations. This \$21.6 billion company posted \$1.2 billion in total revenue in Q1 fiscal year 2020 — a 3.2% year-over-year drop.

The biggest challenge for brick-and-mortar restaurants is restoring popularity when the pandemic recedes. But growth prospects are present. The spiking demand for meat alternatives is one. Burger King is now offering the meat-free Impossible Sausage to its menu. Drive-through should also flourish in a contactless environment.

Floundering energy stock

Suncor reported a \$3.5 billion net loss in Q1 2020 owing to asset impairments linked to low oil prices. Net earnings in the same quarter of 2019 were \$1.47 billion. As a result of the staggering losses, the

company cut its dividend by 55%. The move was disheartening to investors.

The company is also scaling back its 2020 capital spending plan to \$3.8 billion, which is down to one-third of the original budget. Management says that operating costs will reduce by \$1 billion, or 10% lower versus the 2019 level.

All these adjustments should improve the balance sheet dramatically, especially because energy prices are slowly recovering. However, [reinstating the dividends](#) might take a while. Suncor has a hefty capex obligation due in two years. It will hamper or stall the acquisition of low-valued companies.

Buffett sees plenty of reasons to keep Suncor in his stock portfolio. The strengths of this \$33.98 billion company are its integrated business model and balance sheet. Aside from being an energy producer, Suncor owns refineries and pipelines.

These are distinct advantages, because the company can offset volatility with them. Higher refinery margins should compensate for declining oil prices. The recent plunge, however, was unprecedented and too huge to overcome.

No risk taking in 2020

Younger billionaires are aspiring to become the next Warren Buffett. Some of them want to fashion their investment firms after Berkshire Hathaway. In 2020, the \$400 billion company is not deploying as much cash. Buffett is smart to know the significant risks the pandemic carries.

But it says a lot that Buffett's empire is keeping Restaurant Brands and Suncor Energy. You have two investment options, which the greatest investor of all time considers TSX super stocks.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. Editor's Choice

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.)

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