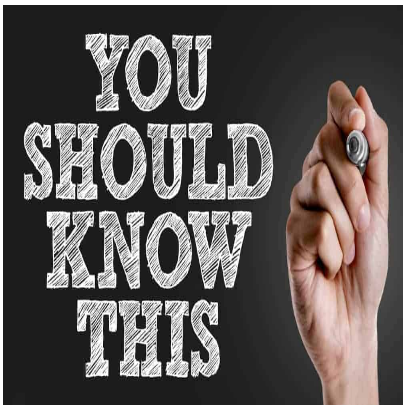

WARNING: Warren Buffet SOLD This TSX Stock — Should You?

Description

Consumer staples assets were among the early winners in the pandemic market crush. As the logic goes, people always need to eat. And so big names in the grocery space became solid performers, with **Loblaw Companies** and **Alimentation Couche-Tard** remaining sturdy. Certain fast-food names such as **Restaurant Brands** (TSX:QSR)(NYSE:QSR) also made the grade, thanks to their "essential industry" status. But how has this latter name fared of late? Let's explore.

Warren Buffett sells Restaurant Brands stake

Monday saw the share price of **Berkshire Hathaway** favourite **Barrick Gold** soar by over 11%. Warren Buffett's souring on banks also took its toll on the markets. Divested **Goldman Sachs** was down by just over 2%, **Wells Fargo** down 2.7%, and **JP Morgan Chase** was down 2%. Clearly, Warren Buffett's decisions can still move markets. Now look at Restaurant Brands's share price. The fast-food umbrella company lost 2.7% in five days.

The reasoning behind Berkshire Hathaway's sale of Restaurant Brand shares is somewhat mysterious. This name had been fairly resilient during the worst of the pandemic jitters. But it is now down by 27.4% year over year, with a loss of more than 8% in the last four weeks. So, is the market cooling on Restaurant Brands, which is considered a growth name in the defensive consumer staples space?

Not entirely. Consider its quarterly earnings reports during the year to date. Its Q2 was solid, exhibiting earnings and revenue estimate beats. This explains why news of Buffett's big divestment didn't put too much of a dent in the Tim Hortons owner's share price this week. Still, the fact that Berkshire Hathaway had sold its stake in the restaurant umbrella company should be a cause of concern to shareholders. But with a 3.8% yield and so-so valuation, this name looks like a hold.

Alternative plays for growth plus a rich yield

While Restaurant Brands ticks some of the boxes for a consumer staples play, its shareholders are likely more interested in its mix of growth and passive income. Other names in the consumer staples space, such as **Nutrien**, **Maple Leaf Foods**, and the retailers named above all offer exposure to this defensive asset type. Growth investors ditching Restaurant Brands may therefore wish to look elsewhere.

Investors seeking a mixture of growth and dividends should consider adding a bit of "necessary risk" to their portfolios. At some point, chewed up industries such as insurance, real estate, banking, and energy will begin to recover. This may take some time, of course, so investors should check their exposure to these sectors, gauge their own financial horizons, and weigh their attitude to risk.

With these caveats in mind, consider such rich-yielding names as **Brookfield Property Partners**, **CIBC**, **Enbridge**, and **Manulife Financial**. While none of these would, under normal circumstances, be considered a growth stock, *per se*, these are not normal times. All four stocks resemble catapults that have been stretched back, primed for attack. Their yields are also some of the richest among quality stocks on the TSX.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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