



Warren Buffett: Avoid Canada Stocks?

Description

Warren Buffett recently ditched one of his Canadian stocks in the second quarter of fiscal 2020 and increased his stake in another stock. He also took a position in a Canadian gold stock. The Oracle of Omaha was very quiet during the market uncertainty when investors were busy buying stocks on the decline. The market bottom passed — and Buffett did not budge.

Buffett's **Berkshire Hathaway** sold all its holdings in **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and chose to keep the struggling **Suncor Energy** stock in its portfolio; the company added **Barrick Gold** to the billionaire's stock portfolio.

Are you wondering whether you should follow suit and get rid of Restaurant Brands International as well?

Berkshire sell-off

Bill Ackman of Pershing Square Capital reacted to the move by Buffett by ditching his entire Berkshire shares and increasing his position in Restaurant Brands. Restaurant Brands is the parent company of three of the biggest names in the fast-food chain industry: Burger King, Tim Hortons, and Popeyes Louisiana Kitchen.

Ackman's decision to exit his position from Buffett's company and increase his position in RBI is a clear sign of where he stands. RBI is now one of the only seven companies in his market-beating stock portfolio.

Buffett's decision to sell all his RBI shares seems to stem out of concern for the pandemic's effects. Before selling RBI shares, he [exited his position in airlines](#). Both industries were severely affected by the lockdowns due to COVID-19. He has also trimmed his position in bank stocks, fearing the backlash from likely loan defaults.

Did it affect Restaurant Brands?

Traditionally, Buffett selling shares of a company triggers widespread panic for the company because many investors start selling their shares and the company's valuation goes down. However, Berkshire's closing of its position in Restaurant Brands did not have a negative impact on the stock.

The company recently reported that it recovered 90% of its pre-pandemic sales levels in Q2 2020. RBI bolstered its takeout and delivery operations. 93% of its restaurants are delivering and offering takeout to compensate for the loss of dine-in customers.

At writing, the stock is down 12.57% year to date. Still, its current share price of \$73.39 shows an 80.59% increase from its March bottom. The stock is seeing a rapid recovery from the decline it faced due to COVID-19 and could still appreciate further as the situation gets better.

Foolish takeaway

I am a Buffett loyalist, but even I was shocked when he sold shares in RBI. It would seem to make more sense to sell Suncor due to its weak position. However, [Buffett may have his reasons](#) for turning his back on the stock despite its recovery. I think it would be unwise to sell your shares of Restaurant Brands International. I would hold onto it instead of selling it.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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

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