



Warren Buffett Sold This Canadian TSX Stock

Description

Warren Buffett is still one of the world's most respected stock market investors. Buffett is well known for being successful at long-term value investing. Nicknamed "The Wizard of Omaha," stock market participants watch his buying and selling activity to gain crucial insights into the market.

When Warren Buffett sells a stock, shareholders pay attention. Because he's a long-term investor, a sell from Warren Buffett forebodes trouble. For example, Warren Buffett sold all his airline holdings during the March 2020 market sell-off.

This year has been tragic for investors in the airline industry. The COVID-19 pandemic decimated both personal and business travel worldwide. With airplanes grounded, and as pandemic worries continue, shareholders in airlines don't know when they will see [value return](#) to their investments.

Warren Buffett also sold out of another interesting stock recently. He sold his position in the Canadian stock, **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)). Buffett partially funded a US\$12.5 billion merger between Tim Hortons and Burger King, leading to the creation of this entity.

Are restaurants doomed in the COVID-19 era?

Restaurants face greater regulatory burdens today than they did before the pandemic. The industry must comply with more strict sanitation expectations as well as capacity restrictions.

Restaurants typically gain profit from low margins. Restrictions on seating capacities in restaurants further strains this business model. These burdens reduce revenue and profit growth.

Moreover, while take-out seems to be keeping many restaurants afloat, people are still choosing to eat at home more than they did before the pandemic.

Many restaurants have closed their doors completely or reduced their hours. This industry is in a precarious position. No wonder Warren Buffett chose to sell out.

Warren Buffett sells Restaurant Brands International stock

Restaurant Brands International stock fell to a 52-week low of \$36.48 during the March 2020 market crash. Prior to the pandemic, investors traded the stock near the 52-week high of \$95.72 per share. At the time of writing, the market value of the stock is \$77.52.

This restaurant stock is a Dividend Aristocrat currently issuing an annual dividend yield of 3.53% at the current market value. That's a decent income for a retirement portfolio or Tax-Free Savings Account, but it may not be worth the risk today.

Warren Buffett certainly didn't want to continue betting on this restaurant stock. Although Restaurant Brands International has a good dividend payment history, it may not be worth the risk for your stock market portfolio.

Is Restaurant Brands International stock a good investment?

Some analysts believe that Restaurant Brands International is still a good investment, especially now that it is priced lower than the highs in the fall of 2019. These commentators point to a strong balance sheet.

Nevertheless, there are much better investments on the **Toronto Stock Exchange**. These stocks are also trading below 52-week highs reached before the global COVID-19 pandemic. Stocks in financials, insurance, and utilities might be better bets today than restaurants.

Wherever you choose to save your hard-earned income, fully research any investments before making a decision. Invest slowly and confidently to avoid stress from stock market investing.

Developing a healthy mindset toward your [investment decisions](#) will help keep emotion in check. Making buy and sell decisions based on fear or over-optimism are the biggest mistakes an investor can make. Learn something from Warren Buffett and maintain a long-term view on your investments to succeed in the stock market today.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
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POST TAG

1. Editor's Choice

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

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