



## Warren Buffett: Time to Be Greedy and Buy This Top Dividend Stock

### Description

Warren Buffett is famous for a number of his investing quotes.

One of his more noteworthy quips advises investors to be greedy when others are fearful. This relates to buying unloved, top-quality companies with strong businesses and long track records of providing investors with rising dividends.

Let's take a look at one top Canadian [dividend stock](#) that could be on Warren Buffett's radar today.

### TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) used to be called TransCanada. The board decided to change the name to better reflect the overall operation of the business. TC Energy has roughly \$100 billion in assets spread out across Canada, the United States, and Mexico.

The natural gas transmission assets include more than 90,000 km of natural gas pipelines that supply 25% of the natural gas consumed in North America. TC Energy also has 650 billion cubic feet of natural gas storage.

Natural gas is used to heat homes, generate electricity, and fuel a wide range of industries. The abundance of natural gas in Canada and the United States means the industry has opportunities to export liquefied natural gas (LNG) to international markets.

TC Energy's unique pipeline network gives it a strategic edge to play a key role in the development of the LNG sector in the United States.

What's the connection to Warren Buffett?

Warren Buffett's **Berkshire Hathaway** [announced](#) a US\$10 billion deal this summer to buy the natural gas storage and transmission assets of **Dominion Energy**.

The deal means Berkshire Hathaway Energy, a subsidiary, will boost its share of the U.S. interstate natural gas transmission market from 8% to 18%. Assets in the purchase include 7,700 miles of natural gas transmission pipelines, 360 billion cubic feet of natural gas storage capacity, and partnership positions in other storage and LNG assets.

## Would Warren Buffett like to buy TC Energy?

TC Energy operates in the same segments as the Dominion Energy assets. It is much larger and also has power-generation businesses.

Whether or not Warren Buffett's Berkshire Hathaway would be interested in purchasing a stake in TC Energy is anyone's guess. At the time of writing, TC Energy's market capitalization is \$54 billion. The stock trades close to \$58 per share. That's down from \$76 in February, so it appears to be on sale.

An investment in TC Energy would depend on the overall strategy for Berkshire Hathaway Energy regarding the gas infrastructure segment. Berkshire has the financial firepower to do a massive deal. The company reported a cash hoard of more than US\$145 billion at the end of June.

## Should you buy TC Energy stock?

TC Energy stock appears oversold right now. The company has more than \$30 billion in secured capital projects and anticipates revenue growth that would support a dividend hike of 8-10% in 2021. As new assets are completed and go into service, dividend increases should be in the range of 5-7% per year.

That's solid guidance in this investing environment. The existing dividend provides a 5.6% yield.

The fact that Warren Buffett's Berkshire is betting big on gas transmission assets should be a vote of confidence for TC Energy's business. If you have some cash on the sidelines, the stock deserves to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

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