Wow! Buffett Is Selling His Canadian Stocks

Description

Warren Buffett doesn’t stick with losing business. If you consider his move regarding the airlines and how rapidly he exited his position in the industry, it’s evident that whenever possible, he doesn’t waste any time divesting himself from investments that might bring **Berkshire Hathaway’s** portfolio down in the long term.

A timely exit can be just as beneficial for your portfolio as a well-timed investment can be since both contribute to your portfolio’s sustenance and growth. This is a lesson Buffett probably learned from his past mistakes and failures. But he also preaches and practices long-term holding and says that we shouldn’t focus on market fluctuations.

This is why Buffett’s exit from **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) is a bit baffling.

A hasty exit?

Warren Buffett’s airline move is understandable. He never liked them in the first place, but suddenly, he started buying stakes in major airlines. But the way the industry was decimated in the pandemic helped Buffett realize that he was right about not investing in airlines in the first place. Whether you consider it a personal bias against the sector or a deeper understanding of the market, his move makes sense.

But the same principle doesn’t apply to RBI. It was a company he helped form by investing in the Burger King and Tim Hortons merger. And he loves fast-food and food-related companies. He *is* biased regarding the industry ,as he was about airlines, but in this case, the bias should have worked in favour of RBI.

And to top it off, RBI made quite a swift recovery from the pandemic. Despite COVID-19 severely impacting the footfall in fast-food joints, which caused the company to close down several locations,the stock managed to a pretty decent recovery. It hasn't yet reached its pre-pandemic levels, but it'strading at a price 94% higher from its lowest valuation.

The company

Even though Buffett's exit has enough gravity to sway investor sentiment around the companies he exits, his RBI exit didn't cause that much of a stir. Investors wondered, speculated, but many chose to stick with the company. And even though the messy time, the newly instated aristocrat didn't slash its dividends.

One major problem or change (apart from the pandemic-driven performance) that the company recently saw that could have been one of the rationales behind Buffett's exit would be Tim Hortons's depleting sales. Once a Canadian favourite, the sales number of this coffee chain has been steadily decreasing since the past few quarters.

But the company hasn't given up yet and is planning a major U.K. expansion, which is expected to result in an outlet in every major town by 2022. If this expansion pays off, RBI will become even stronger.

Foolish takeaway

Buffett's sell-off of this Canadian stock might be a bit premature, but he must have had his reasons for making this move. If he saw something in the company's future that others haven't, then people who still have RBI in their portfolios might be in for a shock. But considering the company's current recovery and its numbers, the chances of it going down are relatively slim.

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
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/23
Date Created
2020/10/14
Author
adamothman