



SCARY Opportunity: 3 Stocks that Mirror 78% of Warren Buffett's Portfolio

Description

Yes, I *did* have to write a headline that has to do with Halloween — but that doesn't make it untrue. Warren Buffett's portfolio is largely composed of businesses that produce something — banks, consumers staples, and insurance companies. Buffett wants to bet on the U.S. economy, so these stocks are his go-to stocks. In fact, five of the stocks in Buffett's investment portfolio make up 78% of his investments!

But we live in Canada, and in Canada there is the Tax-Free Savings Account (TFSA). The rule you have to follow to keep it tax free is to invest in Canadian companies. This provides an opportunity so amazing it's *scary*. By using your TFSA, you can choose stocks that mirror the 78% invested by Buffett.

I'll get right to it. To get to that 78%, I would recommend strong companies that will continue on a path of growth for years to come. After all, Warren Buffett buys and holds for decades in some cases. So I would add to your watch list, if not your portfolio, **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)), **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) to mirror Buffett's portfolio.

Shopify

Yes, I agree, Shopify is expensive. The stock is up 3,244% in the last five years, and 227% in the last year, with share prices dipping in and out around \$1,400 per share as of writing. But [there's a reason](#). Shopify is likely to become the next large e-commerce giant, and investors want in. The company continues to find new streams of recurring revenue that brings on new investors each time.

Just when you think shares will dip, Shopify comes out with another record-breaking revenue report. While the company has yet to post a profit, investors should still be excited. The share growth comes from new products and partnerships. Investors still have the revenue streams to come in from these avenues. So it's likely shares will continue to rise for quite some time.

Restaurant Brands

It's true. Warren Buffett sold his stake in RSI back in August. However, I'm not sure it was entirely the right thing to do. On the one hand, the company has been struggling with Burger King and Tim Hortons not picking up the fair share compared to Popeyes Louisiana Kitchen. And with a pandemic still hitting revenue hard, it's going to be tough for RSI to keep up.

But we're no longer in a lockdown, and RSI has found new ways to keep revenue coming in, digitizing anything it can. Revenue is down, sure, but only by 4% year over year. Meanwhile, shares are creeping back to pre-crash prices, so now could be a great opportunity to buy this stock before it rebounds completely. When revenue returns to normal, expect this company to then continue its global expansion project that will keep returns growing.

Royal Bank

Finally, there are the banks. Canadian banks fared as some of the best in the world during the last economic downturn, and that's likely to happen again. [Royal Bank](#) and the other Big Six Banks knew a downturn was coming and prepared. Of course, no one could predict a pandemic, but it's still helped Royal Bank be prepared for practically anything.

The bank's expansion into emerging markets supported by its wealth and commercial management sector has kept Royal Bank afloat. While revenue fell year over year during the latest report, it was only by 1.3%. Meanwhile, it has actually increased its dividends during this volatile market — and the yield now sits at 4.64%!

Bottom line

Each of these companies are leaders in the relative industries, with plenty of assets to fall back on and keep each afloat for years. There is likely to be substantial growth after the pandemic and economic downturn as each rebounds. Buying these stocks would create your own portfolio so Warren Buffet-like it's scary!

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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:QSR (Restaurant Brands International Inc.)
5. TSX:RY (Royal Bank of Canada)
6. TSX:SHOP (Shopify Inc.)

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