



Invest Like Warren Buffett in This Top TSX Stock

Description

Warren Buffet knows great value when he sees it.

Indeed, the Oracle of Omaha's [past dealings](#) with **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)) are testament to this company's value. Yes, Buffett did sell his QSR stake a while back. However, I think that like many of his trades, investors need to assess the reason why he got into this space in the first place.

Let's dive into some of the reasons why I think this is a top **TSX** stock right now.

Restaurant Brands' wide moat is very attractive

One of the key investment criteria Warren Buffett talks about at length is the necessity of his investments to have as wide a "moat" as possible. What exactly *is* a moat?

A moat is Buffett's term for a durable competitive advantage — something intangible that entices consumers to keep coming back for more and wards off competition.

Well, Restaurant Brand's core banners – Burger King, Tim Hortons, and Popeyes Louisiana Kitchen – are certainly worthy of consideration. These banners have garnered plenty of customer loyalty over the years.

Yes, there's a tonne of competition in the fast food/quick service restaurant space. However, these brands have been built over decades, and are likely to continue to grow internationally as the global economy expands coming out of this pandemic.

Brand value is one of those difficult-to-quantify intangibles that investors need to place their own premium on. Right now, I think the market isn't fully valuing the moat these brands provide.

Quality matters more than value

Restaurant Brands' stock isn't cheap, which is perhaps one of the reasons Mr. Buffett took profits on this stock a while back.

However, as Buffett has been quoted as saying, he'd rather own an excellent company at a good price than a good company at an excellent price.

As far as quality goes, Restaurant Brands is up there with some of the best names in the business. I think this company's brands are perhaps among the most recognizable on the **TSX**. Accordingly, those looking for quality in the Canadian stock market really are pushed toward stocks like Restaurant Brands today.

This quality is reflected in the premium investors are willing to pay in this stock right now. Currently, shares of Restaurant Brands can be bought for roughly 50-times earnings. That's higher than many of its peers, and some may think is unwarranted.

However, Restaurant Brands' banners have been hit harder than its peers as a result of the pandemic. Accordingly, I think the correct amount of optimism surrounding the economic reopening is being factored into this stock right now.

CATEGORY

1. Coronavirus
2. Investing

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TICKERS GLOBAL

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

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