1 Top Canadian Stock I'd Buy and Hold for 3 Years

Description

Ideally, it'd be nice to buy and hold your favourite Canadian stocks forever. But, with the exception of maybe a few stocks like **Coca-Cola**, not even Warren Buffett can do this, given the technological disruption that threatens to erode the moats of incumbents in any given market. While there are still a handful of wide-moat companies out there, many could stand to narrow over the next decade and beyond.

Think the big banks, whose businesses have had little issue defending their turf from competitors for well over the past 100 years. But these days, even the biggest bank risks falling behind if it fails to innovate, as innovative fintech firms threaten to take share across a slew of areas typically dominated by the banks, from online trading to wealth management.

Are any businesses truly safe from disruption over the extremely long term?

Sure, but they're farther and fewer between. So, instead of buying and holding forever, I'd urge Canadian investors to continuously re-evaluate their initial investment theses to see if they hold up against new developments. If there's growing evidence that a firm is marching on the turf of a company that you own shares in, it may be time to adjust the inputs of your financial models accordingly, or at least ask yourself how changes stand to impact a company's long-term growth profile and whether or not the risks have been heightened.

In this piece, we'll look at two great businesses that can defend their turf while growing into new markets. I'd be comfortable holding shares of each company for the long haul but would re-evaluate the thesis in three years' time to stay up to date. In an era of profound technological disruption, I believe all self-guided investors should do the homework needed to ensure they're not holding companies that are at risk of skating offside.

Without further ado, consider **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), one attractively valued company with durable competitive advantages to buy and hold for the next three years.

Restaurant Brands International: My favourite Canadian stock to buy and hold for the next three years

Restaurant Brands International has a pretty wide moat in the fiercely competitive quick-serve restaurant industry. The company owns three of the most recognized fast-food brands on the planet: Burger King, Tim Hortons, and Popeyes Louisiana Kitchen. It’s not just brand recognition that’s a huge component of QSR’s moat; it’s the incredible managers running the show.

Sure, they’ve done a terrible job with Tim Hortons. But I believe investors who cut them some slack have a lot to gain.

You see, Tim Hortons is a café and bakeshop that’s arguably one of the most vulnerable to a pandemic. Ordering coffee and donuts from Skip the Dishes just doesn’t make any sense for many. While delivery has helped Tim Hortons weather the storm, it’ll always be a physical chain at heart. As the dining rooms reopen, though, Tim Hortons arguably has the most room to run.

Moreover, let’s not forget the profound industry success that is Popeyes’s chicken sandwich. If the company can innovate at Popeyes, don’t think it can’t replicate the success at Burger King or even Tim Hortons. In any case, Restaurant Brand is severely undervalued at this juncture and is one of the most compelling ideas in the fast-food scene, as we march out of this pandemic.

Bottom line

In short, I’m a raging bull on QSR for its incredible brands, its exceptional managers, and its footing ahead of Canada’s economic reopening. The 3.1%-yielding dividend is just a cherry on top of an already fully loaded sundae!

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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