



Should You Buy Stocks Now or Wait? Here's What Buffett Says

Description

Warren Buffett has been more active in 2022 than during the coronavirus breakout. In 2020, the legendary [value investor](#) sold stocks of companies affected by government-mandated lockdowns and social-distancing measures. His conglomerate **Berkshire Hathaway** ditched its entire stakes in four largest airlines for fear of catastrophic business reversals due to depleted travel demand and border closures.

However, in today's hot inflation era, the GOAT (greatest of all time) of investing has been buying stocks. The uncharacteristic, if not stingy behaviour two years ago is gone. With stock prices declining in 2022, Buffett is back to his value investing strategy and focusing on cheap or [undervalued stocks](#).

Wise approach

Buffett famously said, "Be fearful when others are greedy and greedy when others are fearful." Investors are fearful in the present investment landscape because of the downward pressure on stocks. High inflation and rising interest rates are fear inducing. However, the GOAT of investing will capitalize on the situation instead of staying on the sidelines like in 2020.

Based on published data, Berkshire either bought, sold, added or reduced stock holdings in the second quarter (Q2) of 2022 (quarter ended June 30, 2022). Notably, Buffett's company had 14 new buys during the period. His last Canadian stock was **Suncor Energy** ([TSX:SU](#)), which he unloaded on March 31, 2021.

TSX stocks Buffett used to own

Besides Suncor Energy, Berkshire long held **Restaurant Brands International** ([TSX:QSR](#)) and briefly had **Barrick Gold** in its portfolio. But for Canadian investors, the oil sands king and quick-service restaurant chain are interesting buys in the current environment.

Both Suncor (+26.77%) and RBI (-1.31%) outperform the broader market (-13.09%) year to date. The

attractive dividend yields of 4.83% and 3.96%, respectively, should also attract income investors. More importantly, the business outlooks are positive, notwithstanding the threat of recession.

Oil bellwether

TSX oil stocks like Suncor Energy are red hot in 2022. The \$53 billion integrated energy company boasts a great asset base and benefits immensely from elevated energy prices. While oil markets are tightening due to recessionary fears and anticipated lower energy demand, industry experts believe prices won't plunge much lower.

Management's ongoing concerns right now are to optimize and sustain the base business, increase shareholder returns, reduce the carbon footprint, and invest prudently in lower carbon energy. Other top priorities include improving Suncor's safety record and reviewing the retail business.

In Q2 2022, net earnings increased 359.6% to \$3.99 billion versus Q2 2021. The 33% year-over-year increase in adjusted funds from operations to \$5.35 billion was the highest in Suncor's history. If you invest today, the share price is \$38.90.

New game plan

RBI owns four iconic quick-service restaurant brands, namely company Burger King, Tim Hortons, Popeyes Louisiana Kitchen, and Firehouse Subs. According to its chief executive officer (CEO) Jose Gil, management will focus on efforts that will drive sales and franchisee profitability in 2022 and beyond.

For example, the "Reclaim the Flame" plan for Burger King involves a \$400 million investment in restaurant technology, kitchen equipment, building developments, and high-quality remodels and relocations.

After two quarters in 2022, total revenue increased 14.5% to US\$3 billion from a year ago, although net income declined 6.9% year over year to US\$616 million. QSR currently trades at \$73.48 per share.

Buffett's strategy

Canadians can follow the lead of Mr. Buffett and his never-ending search for undervalued stocks like Suncor and Restaurant Brands.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SU (Suncor Energy Inc.)

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