



## Revealed: 3 Top TSX Stocks I'll Never Buy

### Description

I used to be a much more flexible investor than I am nowadays.

I would invest in anything as long as I thought it was undervalued. I cared more about my so-called “margin of safety” versus the quality of the business. If I could buy assets for 50% less than what I thought they were worth, I was all over it.

But after some lackluster results, I changed my habits. I now focus on the best companies I can find, choosing instead to put my capital to work in high-quality opportunities. All I care about is paying a fair price for these assets.

I've taken this philosophy a step further and now maintain a mental list of companies I will not invest in. Some of these stocks are in certain sectors I don't like. Some have terrible management, while others are what I view as “value traps” — opportunities that look cheap on the surface but never actually pan out.

Let's take a closer look at three companies on the top of my do not invest list.

### Barrick Gold

**Barrick Gold Corp** ([TSX:ABX](#))(NYSE:GOLD) is one of the world's largest gold miners. It has operations around the world including mines in North America, South America, Africa, The Middle East, and Australia. These mines are often in the form of joint ventures with other partners, allowing Barrick to spread the risk and reduce the amount of capital it has to invest.

The company has done a nice job of transforming itself over the past few years. It has focused on much larger projects, with an ownership stake in five of the 10 largest gold mines in the world. And it has put an emphasis on bringing costs down, which has worked nicely. All-in sustaining costs are approximately US\$800 per ounce mined, which is in line with its peers.

My biggest problem with Barrick is the company digs a commodity out of the ground, and it is dependent on the price of that yellow metal. There's nothing it can do to differentiate itself. It can

hedge its exposure to the price of the commodity, but Barrick doesn't because its former hedging program didn't work out so well when gold started marching higher.

Simply put, Barrick is a slave to gold. As goes the commodity will go Barrick. I can't predict the price of gold and I doubt other investors can either.

## Bombardier

In a previous article about **Bombardier Inc.** ([TSX:BBD.B](#)), I urged [investors to get out of the stock](#). Problems plaguing the company include consistently not hitting expectations, a messy balance sheet, and trying to compete in a tough industry dominated by giants.

The train division is slightly better, but even that part of the company is facing problems. Bombardier's train division has been making headlines for all the wrong reasons over the past few months, including missing out on a big Via Rail contract and missing important delivery deadlines with existing customers.

From my perspective, Bombardier has the double kiss of death. It's trying to compete in a tough landscape lead by a weak management team, which isn't an investible combination.

## Hudson's Bay Company

**Hudson's Bay Company** (TSX:HBC) is one of those companies that looks like a terrific value on the surface. The company's retail assets may be struggling, but it's sitting on a bunch of real estate that isn't accurately valued on the balance sheet.

A Connecticut-based hedge fund [valued that real estate at approximately \\$35 per share back in 2018](#) versus a current share price of \$8 per share. It's easy to see why value investors would be excited, including me. I purchased shares a few years ago and was fortunate enough to sell my holdings for a nice profit.

The problem with Hudson's Bay is this real estate story has been the main driver for years, but it just doesn't materialize. Investors just can't get over the crummy retail results.

## CATEGORY

1. Dividend Stocks
2. Investing
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## TICKERS GLOBAL

1. TSX:ABX (Barrick Mining)
2. TSX:BBD.B (Bombardier)

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