



3 Canadian Stocks Warren Buffett Would Love

Description

Following investing gurus in and out of stocks is never a good idea. By the time they disclose their positions to the public, it's usually too late for you to get a cost basis at or around theirs.

Heck, the guru you're following may have already disposed of their shares by the time you're buying yours, as we saw in the case of an infamous cloud stock that Warren Buffett recently scooped up and dumped after figuring out the business was too difficult to understand! In any case, following gurus has proven to be a loser's game.

Identifying and acting on macro investment trends that gurus like Buffett have spotted, however, has been a relatively profitable endeavour. You didn't need to copy Buffett move for move when he loaded up on various American airlines a few years ago, but what you could have done is identify what precisely about the airline industry had Buffett licking his chops at the time. Canadian investors could have purchased shares of **Air Canada** ([TSX:AC](#))(TSX:AC.B), as I suggested they do a few years back, which would have turned into a one-and-a-half bagger in just under two years.

With such an approach, you're not exactly copying his investment idea; you're merely focusing your attention to areas of the market that could be mispriced. In the case of the airlines, massive clues were dropped when Buffett spread his bets fairly evenly across different airlines.

Given the recent moves Buffett has made, I've compiled a list of three Canadian stocks that Warren Buffett either loves or would have loved if he had a stronger Canadian bias for his stock selection. Without further ado, here's a brief look into each name.

Air Canada

As I [noted](#) a few years back, Warren Buffett should have spread his airline bets north of the border with Air Canada. The airline that had been crushed in the last recession has bounced back hugely, with operational improvements right across the board.

The company remains sensitive to Canada's economy but less so now that improvements have

allowed Air Canada to remain profitable in harsher conditions because expenses have been lowered drastically.

At this juncture, Air Canada remains undervalued and a perfect candidate for any Canadian investor who wants to invest just like the Oracle.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#))

Here's a stock that Warren Buffett actually loves, as exhibited by his recent stake in the Albertan oil firm. A spew of optimistic Albertan energy headlines hit the press just days after it was found Buffett re-initiated a position in his long-time favourite Canadian energy company.

While Buffett has undoubtedly wandered into an environment that's less than favourable, investors have to admire his contrarian mindset and ask themselves what Buffett sees in Suncor and Canadian energy in general.

Before Buffett's public disclosure of his Suncor stake, I'd noted that Suncor shares appeared to be an [absolute steal](#). The stock sported a stable dividend north of 4%, and given the integrated operations, the company had the ability and financial flexibility to protect its investors from the volatile oil sands.

Buffett's bet just confirms that Suncor and Alberta's oil patch are still worthy of your investment dollars, more so if you've got a long time horizon.

TD Bank ([TSX:TD](#))([NYSE:TD](#))

Finally, we have TD Bank, Canada's premier bank that's currently trading at a rare discount with a yield of 4%, which is slightly above where it usually is. While Buffett hasn't expressed interest in any of the Big Six Canadian banks, one has to notice that Buffett is a raging bull on America's big financial institutions with his recent banking bets.

Like Air Canada, TD Bank is the best bank to mirror Warren Buffett's bullish bets. The man sees deep value in America's banking scene, and TD Bank, as Canada's most American bank, appears to be a dirt-cheap, quality financial that may actually be a better bargain than some of Buffett's own pickups.

Foolish takeaway

Don't follow Buffett's moves blindly. Instead, take his clues and do your own homework. That way, the Oracle can direct you to opportunities in your home market.

Stay hungry. Stay Foolish.

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