



Warren Buffett: Buy Canadian Gold

Description

Warren Buffett has a long-standing reputation for investing primarily in U.S. stocks. However, there are a few exceptions we have seen over the years. Recently, Buffett has been venturing outside the U.S. market more and more to search for opportunities most other investors might not have considered. When the Oracle of Omaha finds a company with immense value, he will not shy away from going across the border into Canada.

Warren Buffett has never been a fan of gold. He has always considered it as something that lacks any utility. He is famous for avoiding investments in gold. He prefers to invest in more productive assets, considering gold to be nothing but a bet on fear.

A change of heart

Buffett seems to have had a change of heart about gold. In the second quarter of fiscal 2020, Warren Buffett decided to make a major bet on gold. He invested in a company that has been making significant strides during this unpredictable year. When Buffett made this move, it was worth \$536 million, making it one of his more significant bets this year.

Another surprising aspect of the move is that it was not just a gold company that he invested in. The company is headquartered in Canada. It is another surprising move after [exiting his entire position](#) in **Restaurant Brands International**. The company Buffett is betting on is **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). Let's take a better look at the company.

Canadian gold company

Barrick is a Toronto-based gold and copper mining company. It has geographically diversified operations spanning to locations in Africa, South America, North America, and the Middle East. The company mined more than 5.5 million ounces of gold last year, establishing itself as one of the most significant gold mining companies worldwide.

Barrick Gold investors have experienced some exciting years recently. The gold stock performed exceptionally well during the 2000s. With gold prices going down since 2011, the stock also severely declined. Many gold stocks dipped around the same time, but Barrick had exceptional debt levels to contend with, along with the weakness in gold prices.

The stock fell more than 80% in a few short years. The stock has been on an upswing for the past few years since its 2015 market bottom. At writing, the Warren Buffett stock is up more than 267% from its bottom in 2015, and the company is also busy paying down its debt. The company announced that it has reduced 25% of its net debt and has no upcoming debt maturities until 2033.

Foolish takeaway

Buffett has not yet elaborated on why he has bought the Barrick Gold shares. The news about his acquisition came when Buffett's **Berkshire Hathaway** released its 13-F filing. We will not know precisely why Buffett made a bet on gold and Canada with his investment.

A possible reason could be that he decided based on fundamentals, presenting Barrick as an ideal stock for a value investor. The stock looks healthy and is relatively inexpensive, with a share price of \$37.15 per share.

Another reason could be that he is cashing in on the psychological aspect of investing. Buffett has called gold as a bet on fear, and we are living in terrifying and [uncertain times](#). It could be an ideal time to bet on gold, and Barrick could be the perfect stock to place that bet.

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