



## Warren Buffett: He Loves These 2 Canadian Stocks

### Description

Investors follow Warren Buffett's market moves closely, so they can look for better opportunities for their investment portfolios.

Warren Buffett's **Berkshire Hathaway** has bought the shares of several companies and taken significant positions in many companies over the years. Buffett was unusually quiet with his market moves at the beginning of the pandemic and ensuing sell-off.

The Oracle of Omaha is famous for finding [valuable opportunities](#) in the stock market. He has amassed a massive wealth over his illustrious investment career through the decades. Berkshire Hathaway's Q2 2020 13F filing showed that Buffett has new favourites in the Canadian stock market.

### Unexpected Buffett investment moves

Warren Buffett has a reputation for primarily investing in U.S. companies. However, he has a few exceptions over the years, with international companies becoming a part of his portfolio. Buffett invested heavily in two Canadian companies for several years, namely **Restaurant Brands International** and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

Berkshire's recent 13F filing raised some eyebrows, as Buffett made an unexpected move by exiting his entire position in RBI. Additionally, he decided to increase his position in Suncor Energy. Suncor has been the worse off between the two Canadian companies due to the challenges for the Canadian oil patch.

Suncor and other energy companies have been struggling amid the pandemic, but the troubles began even before the global health crisis. The oil price wars significantly decrease revenue for oil producers, driving down share prices across the board. Suncor was already struggling when the pandemic came along to make things worse.

However, Buffett chose to increase his position in the stock. Suncor's cheap valuation could likely present a valuable investment opportunity for Buffett. He is likely banking on the energy sector's post-

pandemic recovery.

## Betting on gold

The most surprising move came as Berkshire invested heavily in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) during Q2 2020. The [acquisition of Barrick](#) came as a shocking move for investors and analysts alike, because Buffett has historically avoided gold and gold mining companies.

Buffett always regarded gold as a useless commodity, citing its limited value for commercial use besides the jewelry industry. Central banks and investors treat gold as a safe-haven asset instead of holding government bonds, because it appreciates during periods of market uncertainty.

The Oracle of Omaha has not yet made it clear why he chose to change his stance on gold, but there is some speculation why he bought Barrick Gold shares. The company made substantial progress in recent years to reduce its debt, and it has become a leaner operator in the industry. Barrick is focusing on high-quality assets that provide the gold and copper mining company with free cash flow.

Gold prices rose from US\$1,500 a year ago to US\$2,000 in August 2020 before the prices went back down to US\$1,900 in September. Barrick's increased production showed positive results for the company in Q2 2020. The company's net debt decreased to just US\$1.4 billion. Compared to its US\$13 billion debt just a few years ago, Barrick is in an excellent position to provide value to its shareholders.

## Foolish takeaway

Suncor is trading for \$15.50 per share, and Barrick Gold is trading for \$37.52 per share at writing. Suncor's valuation is at a 63.58% discount on a year-to-date basis, while Barrick Gold is up 56.33% in the same period.

Suncor presents a classic deep-value bet for investors, while Barrick could be a free cash flow machine with plenty of potentials. If you have some cash to spare, I don't think it would be a bad idea to allocate a little bit of it to the shares of each company.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:SU (Suncor Energy Inc.)

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**Author**

adamothonman

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