



Warren Buffett Has 100% of His Canadian Portfolio in These 2 TSX Stocks

Description

The Canadian stock market only accounts for about 2.7% of the world's stocks, while close to 54% are in the United States, where the largest stock market resides. Therefore, it speaks volumes when Warren Buffett is invested in two **TSX** stocks via **Berkshire Hathaway**.

Specifically, in the last reported quarter, Buffett had about US\$794 million invested in Canada. He had invested roughly US\$565 million, or 71%, of his Canadian portfolio in **Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)) and US\$231 million, or nearly 29%, in **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

Barrick Gold was a new position, while he added to his position in Suncor stock in the second quarter.

Here's why Buffett might have bought these two particular TSX stocks.

Why Buffett bought Barrick Gold

Central banks around the world have been printing unprecedented levels of money, such as for emergency programs to combat the pandemic impacts. Consequently, fiat currencies are worth less, pushing gold prices higher. In the second quarter, Barrick enjoyed an average market price of US\$1,711 per ounce of gold. That price rose to US\$1,909 in Q3.

Gold miners, like Barrick Gold, are making tonnes of money this year. Barrick Gold saw a substantial rise in revenue. In the first half of the year (H1), it reported revenue of US\$5,776 million, up 39% from US\$4,156 million in the same period in the prior year.

Higher revenues helped boost its EBITDA, a cash flow proxy, and its net income. In H1, Barrick reported EBITDA of US\$2,793 million, an increase of more than 61% from US\$1,729 million a year ago. It reported net income of US\$757 million in the same period, which is nearly 2.5 times what it reported a year ago.

Analysts have an average 12-month price target of US\$35.10 on Barrick, which represents above-average near-term upside potential of nearly 30%. The stock also pays a small dividend.

Why Buffett bought Suncor stock

All stocks related to oil and gas have done poorly this year. The lower energy demand due to the pandemic impacts weighed on oil and gas prices. Even integrated oil majors like Suncor did not get exempt from the downdraft. The stock is down 63% year to date.

An economic recovery resulting in normal energy usage will drive steady growth of energy demand. This will cause Suncor stock to trade much higher. Buffett is probably counting on that swing to the upside when energy prices recover.

Suncor is a diversified large-cap company that has staying power. Its financial position remains solid and is awarded an investment-grade S&P credit rating of BBB+. Currently, it also pays a 5.4% yield.

Analysts have an average 12-month price target of \$29.40 on Suncor stock, which represents a whopping near-term upside potential of almost 88%.

The Foolish takeaway

It's important to put Warren Buffett's Canadian stock portfolio in perspective. Although he had invested hundreds of millions of dollars in Barrick Gold and Suncor stock, these two [TSX stocks](#) only account for roughly 0.3% of the Berkshire Hathaway stock portfolio.

Therefore, Canadian investors should not rush out to buy Barrick Gold or Suncor stock just because the Oracle of Omaha has some. Instead, review your unique investment portfolios, risk tolerance, and investment goals to see if the stocks or even a big [gold](#) miner or integrated energy company make sense for your portfolios.

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2. NYSE:SU (Suncor Energy Inc.)
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Date

2025/09/09

Date Created

2020/10/21

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