



## 2 Top TSX Stocks Warren Buffett Is Buying

### Description

Warren Buffett has cultivated his reputation as a legendary investor over many decades of stellar success. Because of this, investors looked to Buffett to provide guidance when it became clear the COVID-19 pandemic would destabilize the world economy. Warren Buffett made an early bet on airlines that he quickly withdrew from in the spring. Since then, Buffett has been somewhat quiet. Today, I want to look at two **TSX** stocks that the Oracle of Omaha has stayed with this year.

### Why Warren Buffett is sticking with Suncor in 2020

Yesterday, I'd dedicated an entire piece to Warren Buffett's [continued faith](#) in **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). This is in contrast to Canadian stocks like **Restaurant Brands** that Buffett has bailed on in recent months. Shares of this TSX stock have fallen 60% in 2020 as of close on October 27. The company will release its third quarter 2020 results this evening.

On October 27, Suncor announced that it would relocate its PetroCanada head office to Calgary from its two office in Ontario. The company aims to integrate its downstream business with the rest of Suncor. With this move, it hopes to boost overall efficiency.

As I'd discussed in the previous article, the oil and gas sector has managed to stabilize in the face of this crisis. Moreover, demand is expected to improve as we come closer to a vaccine in 2020 and early 2021. Low commodity prices and plunging demand has been the main culprit for Suncor's struggles. However, Warren Buffett is hanging onto this Canadian energy giant.

This top TSX stock last possessed an attractive price-to-book value of 0.6. It offers a quarterly dividend of \$0.21 per share, which represents a strong 5.3% yield.

### Gold still has room to run this year and beyond

Warren Buffett left mouths agape in the investing world when his company took a more than half-a-billion dollar position in **Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)) in the summer. Historically, Buffett has

been a critic of gold as an investment compared to broader equity exposure. However, it may become difficult for **Berkshire Hathaway** to sit on the sidelines as gold rattled off [record gains](#) in 2020.

There are dozens of TSX stocks in the precious metals space. Barrick Gold is one of the largest producers in the world. Its shares have increased 49% in 2020. The stock is up 60% from the prior year. In the second quarter of 2020, the company reported operating cash flow in excess of \$1.0 billion and free cash flow greater than \$0.5 billion.

Barrick and its peers have seen revenues and profits soar as the spot price of gold has erupted to record highs this year. Gold per ounce has retreated but is still well in the green in 2020, hovering around the \$1,900 per ounce mark at the time of this writing.

Better yet, Barrick increased its quarterly dividend by 14% to \$0.08 per share. This represents a modest 1.1% yield. As always, Warren Buffett is on the hunt for value. Barrick Gold has surged in 2020, but the stock still offers attractive value. The TSX stock last had a favourable price-to-earnings ratio of 10 and a P/B value of 2.2.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

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

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