



## Warren Buffett: His Top 2 Canadian Stocks

### Description

Warren Buffett is a staunch believer in the U.S. economy. He has won most bets he has made on the U.S. industries and institutions, and his portfolio is still heavily concentrated with US-based securities. But that doesn't mean he doesn't invest in other countries, however. He recently put about US\$7 billion on five Japanese giants, and his first major international investment was **PetroChina**.

Since Buffett believes and teaches to not invest in something you don't understand, it's reasonable to assume that he wanted to stay away from international investments because he didn't fully understand them. But that argument doesn't work quite well with Canada, which is relatively similar, and probably much easier for Buffett to understand.

Still, he only has two Canadian arrows left in his investment quiver. And one of them is a recent acquisition.

### Buffett's investment in the Canadian energy

Even though many investors have given up on energy stocks, Buffett still believes in the sector. This is evident by his recent purchase of **Dominion Energy** and the fact that he increased his stake in the Canadian energy giant **Suncor** ([TSX:SU](#))([NYSE:SU](#)). Suncor used to be one of the most beloved dividend stocks in the country, but that was before March 2020, when the company slashed its dividends and killed its aristocratic streak.

As Buffett stands by good businesses as long as they stay good businesses, we must assume that he sees Suncor as a fundamentally good business. The stock has been performing poorly since July 2018, and the condition only worsened after the March crash. It has shown some life in the last 30 days, and the share price grew over 45%.

Canada is quite rich in oil sands, and Suncor is the most significant player in this arena. That's a competitive edge that might set the company apart from the competition if the energy sector ever makes a comeback.

## A golden acquisition

While Buffett doesn't like gold, but this year, he started liking the [golden company](#) **Barrick Gold** ([TSX:ABX](#)) (NYSE:GOLD). It's his most recent Canadian acquisition, and he has already trimmed his stake in the company. It's hard to say whether he bought it as a safe-haven stock against market volatility or wanted to capitalize on the surging gold prices.

The chances are that it was the latter because he didn't buy a sizeable enough portion of the company to hedge his enormous portfolio. He also doesn't believe in short-term market volatility. The company did grow its market value by over 80% after the market crash, and while it's impressive, it's not rare. Several good businesses showed even more remarkable recovery and growth.

Buffett might let go of his remaining stake in the company in the next couple of years when the market has recovered completely.

## Foolish takeaway

For investors trying to mimic Buffett and still believing in the [eventual recovery](#) of the energy sector, Suncor might be a good bet. The yield isn't great, but if the company starts growing its dividends again, the investors might see some generous payouts in the coming years.

Barrick gold might not be a good long-term bet, and there are a few gold stocks that offer better growth opportunities, even when the economy is strong.

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## Date

2025/07/08

## Date Created

2020/12/05

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