



Warren Buffett Fans: 2 TSX Value Stocks You'll Love

Description

Warren Buffett is all about buying pieces of wonderful businesses at [attractive multiples](#) and holding them for the long haul. While his favourite holding period is forever, he seldom hangs onto stocks with such a timespan, as the rapid rise of technological disruption can hurt a firm's investment thesis. A company with a wide moat today may have a narrow moat in a few years from now and no moat in a decade from now. As such, it's vital to re-evaluate one's thesis, rather than just opting to stash a name in your TFSA forever.

There's no question that Warren Buffett appreciates simplicity. He's an advocate of staying within a circle of competence. While it is possible to expand upon one's circle of competence, the Oracle of Omaha notes that doing so isn't required for exceptional results over the long term.

As Warren Buffett's famous baseball analogy goes, investing is a game with no-called strikes: "They may be wonderful pitches to swing at, but if you don't know enough, you don't have to swing."

In this piece, we'll have a look at two TSX stocks that I think Canadian Warren Buffett fans would love, even at today's most uncertain of crossroads. Consider **Alimentation Couche-Tard** (TSX:ATD.B) and **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD).

Alimentation Couche-Tard: Defensive growth at a discount

Couche-Tard is quite possibly one of the most [misunderstood](#) stocks on the entire TSX. The convenience store kingpin that used to have the M&A itch has been relatively quiet amid this pandemic. While the company has recently completed its first deal in Asia with Convenience Retail Asia, the deal is relatively small when you consider the amount of cash and credit sitting on Couche's balance sheet.

Couche has enough liquidity not only to survive another wave of worsening coronavirus cases (Couche has been tremendously resilient thus far) but to scoop up an elephant or to go on a fast-and-furious acquisition spree should Couche find opportunities in the still very fragmented global c-store market.

As the firm awaits its next deal, the company will be busy driving margins with new, compelling in-store items such as fresh food offerings. Once Couche can get back on the acquisition track, with its same-

store sales growth efforts in place, I suspect the stock will be in for a big re-valuation to the upside.

Today, the stock trades at 14.2 times trailing earnings, which is far too low for the calibre of earnings grower you're getting. The dirt-cheap defensive growth darling will test your patience. Still, it's a name that Warren Buffett fans can appreciate at today's depressed valuations, even if you're in the belief that a further rotation out of defensives is in the cards in 2021.

Barrick Gold: Warren Buffett's golden bet

Barrick Gold is Warren Buffett's preferred way to play the gold miners. While it probably wasn't the Oracle himself who hit the buy button on the name, the bet does have his blessing, which is as good as gold.

Over the past year, I've changed my tune many times on Barrick — a top-tier gold miner that I still view as the gold standard. In 2019, I was bullish on gold, even before Warren Buffett got into the name. As shares climbed hand in hand with gold prices, I'd urged investors to take profits over valuation concerns. Today, I'm ready to change my tune again and wouldn't be against buying the dip in Barrick Gold stock after its brutal 26% decline.

While gold may be an unproductive asset, Barrick is anything but, with its attractive 1.6% yield, which blows bonds out of the water. While Barrick could still have downside should gold prices retreat to midcycle levels, I'd be more than willing to step in here if you lack precious metals exposure in your portfolio. The hedging benefits of gold, the low opportunity costs of holding it in today's near-zero rate environment, and the juicy 1.6% yield are enticing, even as the stock continues rolling over.

While Warren Buffett has been reducing his stake of late, I still think the stock is worthy of buying on continued weakness.

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Author

joefrenette

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