



Warren Buffett: The #1 TSX Stock to Buy and Hold

Description

Warren Buffett is famous for holding primarily American securities in his investment portfolio. Of course, he has delved into stocks from around the world, including companies trading on the Toronto Stock Exchange.

These days, Buffett's portfolio has become lighter in terms of his TSX holdings. After selling **Restaurant Brands International** and trimming his shares from **Barrick Gold**, he is not as exposed to the TSX as he once was. However, there is one Canadian stock that he continues to hold. I will discuss this stock and why Buffett considers it an [ideal long-term investment](#).

Top TSX stock to buy right now

Warren Buffett purchased **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) in the \$20-\$30 valuation range. Many believe that he likely purchased the stock when it was trading for around \$26.5 per share. Suncor is trading for \$22.08 per share at writing. It means that he has lost a significant amount on his investment since he bought the shares.

Why he might like it

Despite the losses he has faced so far, Buffett continues to remain invested in Suncor. According to some estimates, Buffett might be at a 50% loss on his investment. It is possible he bought Suncor shares when the company's valuation was around \$40 per share. Regardless of the losses, Buffett might have a few very good reasons to stay invested in Suncor.

Suncor is trading for 1.22 times price to sales and just 0.93 times price to book value at its current valuation. It means that if you purchase shares of the stock right now, you are paying for less than the value of the company's assets, net of debt. If the company continues reporting quarterly losses, its book value will go down.

However, there is a decent flip side to investing in Suncor. Assuming that the COVID-19 pandemic

situation takes a turn for the better, the oil and gas prices could increase. Rising commodity prices could spell fantastic news for the entire energy sector. Suncor could recover from its woes in 2020 rapidly with an oil price recovery.

If the situation turns out like that, Warren Buffett's investment in Suncor could turn out to be a brilliant move.

Foolish takeaway

Many investors considered Buffett's decision to sell Restaurant Brands and staying invested in Suncor odd. Buffett seemingly sold Restaurant Brands as it was making a remarkable recovery from the pandemic-fueled sell-off frenzy. However, Suncor has continued to decline due to the one-two punch from the oil price dispute and the pandemic-induced lockdowns.

Several of Warren Buffett's investing decisions in 2020 have not been seen in a good light by many investors. After selling [airline stocks](#), he also sold some of his favourite Canadian stocks. He became a net seller of equities for the first time in several decades as a stock market investor. Buffett missed out on a remarkable bull rally in the market due to his investment decisions this year.

However, his investment in Suncor could turn out to be one of his most fruitful decisions in 2020.

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