



Warren Buffett: A Top TSX Stock to Buy and Hold Forever

Description

Following Warren Buffett move for move is typically a [bad idea](#). You'll not only be on the hook for a Buffett premium, as you look to buy shares after the herd of Buffett followers jump in before you, but you will also stand to sell at after the herd once the man discloses in his 13-F filings that he's exited from or trimmed a name. Talk about a one-two hit to the chin!

Just because a stock is right for Warren Buffett's portfolio does not mean it's right for yours. On the flip side, just because certain investment opportunities (think the airlines) aren't his cup of tea doesn't mean they can't be yours, especially if you're a strong-stomached, venturesome investor with a sound, long-term thesis and the patience to hold.

While following investment gurus such as Warren Buffett into or out of names is a terrible idea that won't result in superior risk-adjusted returns over the long haul, I think it still makes sense to study the moves of Buffett from a top-down perspective to get a gauge of opportunities (or lack thereof) that Buffett sees in any given market environment.

As of late, Warren Buffett's bets have been pretty cautious in nature, with bets on healthcare companies, gold miners, and Japan's sogo shosha trading companies that were among his most remarkable bets made in 2020. In this piece, we'll have a look at shares of premier gold miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), a stock that Warren Buffett's firm has been buying and selling in recent quarters.

Warren Buffett buys Barrick Gold then trims stake by 40%... What's next?

Warren Buffett is a long-term investor, but one can't help but notice that **Berkshire Hathaway's** holding period on some recent [investments](#) shrunk considerably last year. Buffett's foray into airline stocks didn't last long, as he eliminated his stake amid the coronavirus crash, nor did his venture into TSX-traded gold miner Barrick Gold.

While I don't think it was Warren Buffett's idea to get into Barrick Gold in the first place, it was rather confusing when Berkshire cut its stake nearly in half just months after initiating a relatively modest stake. As of the end of the third quarter, Berkshire holds approximately 12 million shares of Barrick Gold.

The decision to ditch such a large stake of shares turned out to be a pretty smart one thus far, as gold prices went on to retreat viciously hand in hand with Barrick Gold stock in the last quarter of 2020. At the time of writing, Barrick Gold is down over 30% from its high and gold prices are picking up negative momentum, plunging below the US\$1,800/oz. mark for the first time in over two months.

Talk about incredible timing!

While I still think Barrick Gold is a magnificent investment that can further diversify Berkshire's portfolio and mitigate potential post-pandemic inflationary risks in this pandemic-plagued environment, I wouldn't at all be surprised if gold is due for a bigger plunge before its next leg up.

Analysts at Deutsche Bank think that gold could be in for a near-term correction that could drag the shiny yellow metal as low as US\$1,600 per ounce. If such a scenario unfolds, Barrick, a gold miner that's levered to the price of gold, could be headed for an even steeper plunge, providing Buffett with a more attractive entry point to build his long-term stake.

Foolish takeaway

I'd keep an eye on gold prices and look to load up on Barrick Gold stock over in the first half of this year, before any evidence of rapidly rising inflation. Could Warren Buffett be eyeing an even bigger stake after the latest correction? Nobody knows. Regardless, if you are given a chance to get a better cost basis than Warren Buffett in a stock, I think it would be wise to make a move.

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