



2 Warren Buffett Stocks That Seem Too Cheap to Ignore

Description

Following Warren Buffett into or out of stocks blindly can be harmful to your wealth. Not only will you have to pay up a Buffett premium for one of his new holdings upon the announcement that **Berkshire Hathaway** has initiated or added to a stake, but you'll also have no idea what could stand to change the Oracle's investment thesis. For instance, if you followed Warren Buffett into the airline stocks, having done little to no research of your own, you would have taken a hit to the chin as you followed him out after steep pandemic-induced losses.

While I wouldn't dare touch Warren Buffett's newest holdings unless I've got a sound investment thesis of my own, I would look to some of Buffett's soured bets that can allow one to nab a cost basis near or even better than that of the Oracle of Omaha's.

Warren Buffett isn't a market-timer. He's in it for the long haul. And while some of his big bets may sour over the near- to medium-term, he's not one to take a 180-degree stance reversal on his position just because a stock's price is headed south in a hurry. If anything, Warren Buffett probably relishes the moment when his holdings plunge in value so that he can scoop up even more shares at better prices.

Warren Buffett once said that the act of just looking at prices is not investing. If you buy and hold pieces of businesses that you deem as wonderful, you should hope that the price continues to go down so you can increase your stake further. In this piece, we'll have a look at two **TSX**-traded Warren Buffett stocks that I believe the Oracle ought to back up the truck on after recent weakness.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) and **Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)) have been heading south in a hurry of late. At current prices, the former name can allow you to get a better cost basis than Warren Buffett, while the latter, I believe, allows one to obtain a similar cost basis.

You could argue that both Warren Buffett stock picks have soured. But if you've got the patience and investment thesis to hold each name for a longer duration, it makes sense to buy shares of each company if you seek deep value and Warren Buffett's blessing.

Let's have a closer look at each name to see which one is a better buy at this market crossroads:

Deep value in a nutshell

Many institutional investors have been throwing in the towel on Alberta's ailing oil sands of late. With the continued rise of renewables, it's tough to justify going against the grain with a player in the fossil fuels space. And it doesn't matter if the play you're looking to bet on is deemed as best-in-class, as Suncor is, with its rock-solid balance sheet and relatively resilient integrated operating cash flow stream.

The dividend previously got slashed by 55%, and many income investors who viewed the move as unforgivable haven't looked back on the name. Shares crashed over 66% from peak to trough in 2020, and the stock has remained a rollercoaster ride of negative emotions. With a steep discount on shares and an ever-improving macro backdrop, I think Suncor is worth betting on as you look to stand alongside Warren Buffett.

Warren Buffett's golden bet

Barrick Gold was one of Berkshire's weirdest bets in recent years. If you're a Warren Buffett follower, you'll know that the man is no fan of gold or its miners. He's often compared the speculative asset to a farm, noting that the farm produces something over time, whereas gold does not.

Now, I have no idea what Warren Buffett's thoughts are on gold in this pandemic-plagued environment, with all this stimulus. While it wasn't Buffett himself who placed the initial bet (or its recent trim), the Barrick Gold bet has the man's blessing and I would encourage investors to look to battered shares of the well-run gold miner while they're down nearly 30% from their highs.

Should gold prices remain above US\$1,800 for longer (I think they could surge and remain above US\$2,000), Barrick's dividend policy could prove to be bountiful for long-term shareholders.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Stocks for Beginners

Date

2025/08/22

Date Created

2021/02/08

Author

joefrenette

default watermark

default watermark