



Warren Buffett Advice: 2 TSX Stocks You Should Buy

Description

American business tycoon Warren Buffett is a value investor with a long-term view and loves cash flows. While the equities in his empire's stock portfolio may not produce capital gains in a year, they will realize substantial windfall from dividends. Dividends play an essential role in the GOAT of investing's [financial success](#).

Berkshire Hathaway has 49 stocks in its investment portfolio as of September 30, 2020, and 39 of them are dividend payers. In 2021, Buffett's company expects to collect \$3.8 billion in dividends this year. Loyal followers of the famed investor should have the same affinity for dividend stocks.

If you're investing in the **TSX**, Berkshire Hathaway has one TSX stock left in its stock portfolio. The company briefly held shares of a gold producer which people thought was his [newfound safety net](#). At present, only a Canadian energy stock remains in Buffett's portfolio.

Oil sands king

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) suffered big time in 2020 due to the oil price war and the global pandemic. However, Buffett did not ditch the stock. Instead, Berkshire Hathaway bought more shares in Q2 2020. The position is about 19.2 million shares or \$439.5 million in total value today.

If Buffett doesn't sell the energy stock this year, his company could earn approximately \$20.5 million in dividends. Suncor Energy pays a 4.66% dividend, although the yield was above 6% before. The company lost its Dividend Aristocrat status after slashing dividends by 55% in Q1 2020.

Suncor investors lost 47.7% in 2020, yet Buffett kept the under-performing energy stock. According to CEO Mark Little, management's decision last year that includes a dividend cut was necessary. It gives the \$34.91 billion oil sands king the ability to strengthen the balance sheet, increase shareholder returns, and invest in the business for future free funds flow. Buffett likes the consistency of cash flows.

No love for gold

Buffett hates gold but changed his attitude due to the likely weakening of the U.S. dollar and aggressive government stimulus packages. The Oracle of Omaha needed a safety net, not physical gold but a top gold producer like **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD).

The latest news in February 2021 is that Berkshire Hathaway sold its entire holdings (12 million shares) in the Canadian gold stock. People know Buffett's aversion to gold. He views the yellow metal as an asset that will remain lifeless forever. Market observers believe the first-ever position in gold would boost mining stocks.

Barrick Gold, whose market capitalization stands at \$50 billion today, is a forerunner in the gold and copper mining industry. Since rising to as high as \$39.55 on September 9, 2020, the share price is on a downtrend. Barrick Gold closed at \$28.12 on February 12, 2021, or 16.8% higher than it was a year ago. The total return in 2020 was 21.8%.

Analysts forecast the global gold prices to rally due to a weak U.S. dollar, prevailing low interest rates, and higher demand for physical gold in emerging markets. However, it now appears that Barrick Gold isn't a safety net for Buffett after all.

The fourth quarter 2020 S.E.C. filing of Berkshire show new positions in **Chevron** and **Verizon Communications**. The company also exited Pfizer but added more shares of **AbbVie**, **Bristol Myers Squibb**, and **Merck**.

Good bet

If Warren Buffett is retaining Suncor Energy, then the energy stock fits his value investing strategy and a good bet for long-term investors. Let's see if the company will end its slump in 2021.

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Date

2025/08/26

Date Created

2021/02/19

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