



3 Former Buffett Stocks Are the Best Value Buys Today

Description

Warren Buffett is a billionaire because he's smart with money. The legendary [value investor](#) looks for companies with solid fundamentals and potential for continued growth. He used to own shares of Canadian firms with the same qualities.

Berkshire Hathaway, Buffett's conglomerate, has no more holdings in **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), and **Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)) after Q1 2021. Somehow, it makes you wonder if he was mistaken for ditching the stocks. All three are the best value buys in 2021.

More free cash flow is coming

Suncor Energy has [risen from the gutter](#) and is now among the top-performing energy stocks. At \$29.61 per share, the year-to-date gain is 40.79%. The dividend yield is a decent 2.85%. Market analysts also forecast the share price to climb further to \$37.16 (+25.5%).

The outsized gains of the energy sector (+52.61) thus far in 2021 is proof the oil resurgence is the primary reason for the outperformance of most constituents, including Suncor. **Goldman Sachs's** analyst Umang Choudhary believes that Canadian oil producers are the most attractive at current levels.

The U.S. investment bank recommends investors should buy Suncor along with **Canadian Natural Resources** and **Cenovus Energy**. All these companies are well positioned to produce more free cash flow.

Global growth potential

Buffett dumped Restaurant Brands International in Q1 2020 at the onset of the pandemic. He thought the shutdowns of restaurants would kill the business of the quick-service restaurant chain for good. However, the operator of Burger King, Tim Hortons, and Popeyes made a resounding comeback in the

same year.

Today, the stock remains above water with its 4.78% year-to-date gain. Note that the current share price of \$80.24 is 104.5% higher than the COVID low of \$39.24 on March 18, 2020. If you invest now, the dividend yield is 3.25%.

In Q1 2021 (quarter ended March 31, 2021), RBI's top and bottom lines increased by 2.9% and 14.6% versus Q1 2020. All three iconic fast-food chains reported revenue growth. The results surpassed the Q1 2019 system-wide sales, while the net restaurant growth nearly matched RBI's best-ever Q1 performance in 2018. Its CEO, José E. Cil, is excited about its brands' global [growth potential](#).

Strong financial performance

Buffett briefly held Barrick Gold, which shows his low regard for the world's most precious metal. Year to date, the gold stock underperforms (-7.1%) at the current price of \$26.56. Still, market analysts are bullish and see a potential upside of between 34.8% and 63.2%.

Based on an *Insider Monkey* article, hedge funds rank the \$47.23 billion gold and copper producer as one of today's the top five mining stocks. Besides Canada and the U.S., Barrick has ownership interests in Argentina, Mali, and other countries. In Q1 2021 (quarter March 31, 2021), its tier-one gold mines delivered strong financial performances.

Mark Bristow, Barrick Gold's CEO, is optimistic for the rest of 2021, since cash flows increased to record levels and the debt burden is lighter. The company's achievements will help build on a foundation of a great asset base. He cites a fit-for-purpose structure and a lean and agile leadership.

Premature sale

Warren Buffett has his reasons for letting go of the Canadian stocks, particularly his long-time value stocks Suncor Energy and Restaurant Brands. However, he might have prematurely sold them. Berkshire Hathaway's gains would have been massive today.

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