



Are 2 Former TSX Value Stocks of Buffett's on Your Buy List?

Description

Warren Buffett, through **Berkshire Hathaway**, held two TSX stocks for the longest time until the COVID-19 pandemic. The [GOAT of investing](#) also had a brief honeymoon with a gold stock but eventually ditched it. Today, there's no more TSX assets in Berkshire's stock portfolio.

We're not sure if Buffett will take a new position in **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), his once favourite Canadian value stock. It's highly doubtful he will pick up **Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)) again to hedge against inflation.

Interestingly, both TSX stocks have buy ratings from market analysts. They expect the energy stock to keep surging and forecast a nearly 35% upside potential for the mining stock in the next 12 months. Are the former Buffett TSX stocks on your buy list, too?

Incredible comeback

Incredible is an understatement if you were to describe Suncor Energy's comeback in 2021. The energy stock lost its Dividend Aristocrat in 2020, but it wants to redeem itself with dividend investors. On October 28, 2021, management announced that Suncor would double its dividend, or raise it to 100% of the [pre-pandemic level](#).

The \$47.1 billion integrated oil company has returned to profitability due to rising crude oil prices. Apart from the dividend increase, management will accelerate share repurchases of up to 7% of its outstanding shares.

Suncor's president and CEO Mark Little admitted that the dividend cut was a major reason for the underperformance in 2020. However, the stock is doing much better following an 80% gain in one year. At \$32.33 per share, current investors enjoy a 55.2% year-to-date gain on top of the 5.2% dividends. Market analysts see a potential gain of 19.16% to \$38.52 in 12 months.

In Q3 2021, Suncor's funds from operations rose to \$2.64 billion from \$1.16 billion in Q3 2020. Notably, cash flow increased 280% to \$4.71 billion. Furthermore, net income was \$877 million compared to the

\$12 million in net loss. In the nine months ended September 30, 2021, net income hit \$2.56 billion, reversing a \$4.15 net loss in the same period in 2020.

Strong finish to 2021

As of November 12, 2021, Barrick Gold [trades at a bargain](#). At \$26.06 per share, the premier gold stock underperforms (-7.82% year to date). Nonetheless, market analysts are bullish. The forecast the price to climb to \$35.07 in one year. Would-be investors can expect higher returns if you factor in the 1.73% dividend.

The \$46.24 billion gold and copper producer expect to finish strong in 2021. Management said Barrick is well positioned to deliver on its annual production guidance. While net earnings and adjusted net earnings declined sequentially (from Q2 2021), net cash flow provided by operating activities climbed 64% to \$1 billion.

Meanwhile, the quarter-to-quarter growth in gold and copper production were 5% and 4%, respectively. Moving forward, Barrick banks on the strong project development and brownfields in North America, Africa, and the Middle East. Copper assets should also deliver incremental production and boost earnings.

Mark Bristow, Barrick Gold's president and CEO, is confident that the operating cash flow and free cash flow in Q3 2021 would further support the strong balance sheet. It will also enable the company to fund its capital-allocation priorities.

Great value stocks

Warren Buffett sometimes miscalculates. He ditched Suncor Energy and Barrick Gold, yet both are great value stocks today.

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2. Energy Stocks
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