



## Invest Like Warren Buffett Using His Value Principles

### Description

Investors can learn a lot from legendary investor Warren Buffett. His investing strategy, values, and principles can be adopted by anyone regardless of investing experience. The investment wizard was heavily influenced by Benjamin Graham who is known as the “Father of Value Investing.”

The billionaire learned from Graham the concept of comparing valuations and abiding by strict value investing rules. Buffett is guided by Graham’s famous quote that “investment is most intelligent when it is most businesslike.” To him, these nine words are the most important words ever written about investing.

You can be an [“intelligent investor”](#) like Warren Buffett by following his long-term value investing approach. In time, you can develop the skills to analyze stocks and avoid behavioural errors when investing. Buffett’s investing rules are also relevant or applicable in any era.

Let us look at how the concepts apply to **Suncor** ([TSX:SU](#))([NYSE:SU](#)), the Canadian stock which is just one of two energy stocks that Buffett holds in his stock portfolio.

### Buffett’s top energy stock

Investors monitor Buffett’s every buying and selling move because of his winning trades. He suggests that people should invest in a company whose business they understand. More importantly, the investment prospect should have stable and predictable products for the next 10 to 15 years.

You can tell from Buffett’s criteria that tech companies are not recommended. There’s a high incidence of obsolescence in tech products due to rapid technological advances. Hence, Buffett’s choice of Suncor means he is confident about the longevity of the crude oil and natural gas business.

Another important rule Buffett adheres to is to find high-quality companies. It should be remembered that back in 2013, his conglomerate, **Berkshire Hathaway**, invested in Suncor. Three years later, Buffett sold all Suncor stock.

The selloff put a question mark on the oil giant's earning power. Many saw it as a sign that Canada's energy sector was losing competitiveness. Buffett was looking elsewhere to get the best return for his money.

But in the fourth quarter of 2018, Buffett reduced his holdings in tech giant **Apple** to buy US\$300 million worth of Suncor shares. Many were surprised, because he took a fresh stake in Suncor when global investors were turning their backs on Canada's energy sector.

Buffett must have failed to see Suncor's strength the first time. He eventually realized that the energy company is a safe and profitable investment. Suncor has a competitive advantage because of the company's integrated structure and diversified business mix. But there's more to like about Suncor.

Aside from being a highly cash-generative business, Suncor is a low-cost crude producer from oil sands. Further, the company has a really long reserve life with very low decline rates. Suncor's heavy crude upgrading and refining capacities also appealed to Buffett. This is the investment thesis investors should be looking for.

## Get the best return for your money

Buffett knows that Suncor is a [value stock](#) whose price doesn't reflect the company's real value. The energy company is capable of outperforming in a good and bad environment. There is also plenty of room for the value to increase over time. And with the 4% dividend yield, Buffett will surely get the best return for his money.

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## Author

adamothonman

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