



## ATTENTION: Warren Buffett Is Investing Big in This High-Yield Sector

### Description

As you may have noticed, a vast majority of the news on Warren Buffett and **Berkshire Hathaway** have been increasingly negative of late thanks to the firm's recent bout of underperformance, its continuously growing cash pile, and Buffett's "thumb-sucking" approach to investing.

While Buffett has failed to impress the short-term thinkers out there of late, it's worth remembering that nobody, not even the Oracle of Omaha, is immune from such slumps. Unlike most other big-league investors, though, Buffett doesn't have a higher-up that's always hounding him to deliver market-beating results over the near term, allowing him to maintain a ridiculously long-term strategy that always manages to outperform over prolonged periods of time.

You see, Buffett is able to do what most other hedge fund managers can't — ignore the excessive criticism and focus on big-picture items. The man is 89 years old, yet he's investing with a time horizon that very well spans decades. And right now, Buffett has his sights set on the field of renewable energy, an industry that's poised to face tailwinds for at least the next few decades.

So, instead of jumping on the "Buffett-has-lost-his-abilities" bandwagon over Berkshire's less-meaningful short-term performance relative to the averages, take a hint from Buffett and initiate follow in his footsteps with a long-term position of your own in the world of renewable energy if you haven't done so already.

This Tuesday, Berkshire Hathaway Energy announced its intention to spend \$200 million on a 117.6 MW wind farm in southeastern Alberta in 2020. The ambitious project is projected to supply enough energy to power nearly 80,000 homes across the province of Alberta.

Being a renewable energy producer comes with its perks. First, a high degree of regulation virtually guarantees future cash flows, allowing firms to command a higher degree of financial flexibility relative to unregulated firms with comparable balance sheets. That allows firms like **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) to command a massive distribution (currently yielding 5%), while continuing to finance ambitious cash flow-generative projects around the globe.

Second, renewable projects are ESG friendly and will become worth more over time, as young

investors gravitate towards socially responsible investments with the hopes of using their money to do their part in saving the planet.

Third, federal regulators will be quicker to grant permissions for renewable projects as they look to move away from fossil fuels. Getting shovels in the ground for a wind farm is a heck of a lot easier than for a pipeline. In essence, you're getting pipeline-like cash flow streams minus all the red tape.

Why Brookfield Renewable?

Like Berkshire Hathaway Energy, Brookfield Renewable has impeccable stewards running the show. The Brookfield banner is highly trusted in the alternative investment management field, and the managers running the show are able to unlock value like it's nobody else's business.

Brookfield Renewable claims its managers have over 100 years of experience when it comes to hydroelectric power facilities. With such a wealth of experience, one could imagine ridiculously high ROE numbers relative to comparable firms with less-experienced management teams.

Late last year, I [pounded the table](#) of Brookfield Renewable, citing its absurd undervaluation as a reason to back up the truck on shares before they corrected to the upside. In hindsight, the stock was definitely a gift for investors, as shares are now up 60% in just under a year's time with a yield that's shrunk by 2.5%.

Despite the incredible run, Brookfield Renewable still isn't exactly what you'd consider an expensive stock. But I would urge investors to scale into a position rather than backing up truck, as I recommended a few months back.

## Foolish takeaway

The "Buffett-has-lost-his-edge" headline is ridiculously old. It's been used anytime the man has fallen into a slump, and it's usually those times when it proved to be the best time to buy Berkshire.

Instead of focusing on the short-term results, look to the long-term-focused moves Buffett's been making, as they can reveal many hints about how to make big money over the long run. Buffett's [airline bets](#) have paid out big time, and so too will his bets on renewable energy projects.

Stay hungry. Stay Foolish.

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1. Editor's Choice

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1. NYSE:BEP (Brookfield Renewable Partners L.P.)
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