



## 1 Warren Buffett-Inspired Stock to Buy for 2020 and Beyond

### Description

Warren Buffett is widely regarded as one of the best investors ever. With a track record like his, it's almost impossible to dispute.

On top of being so great at his craft, Buffett is also an extremely wise man and a knowledgeable teacher who has given some great pieces of advice over time.

While not all of his advice involves investing, most of it does and can be used to help investors make informed decisions.

Although I have read almost all the books on Buffett, I often review some of his biggest lessons as a little refresher to help ensure that I'm crafting my portfolio to the absolute best of its potential, similar to what Buffett would do in my shoes.

Two of Buffett's top pieces of advice have inspired the stocks I'm recommending today.

The first piece of advice involves your investment holding periods; Buffett has pointed out that when you are analyzing investments, you should plan to hold the stock you are buying forever.

Focusing on buying stocks that you can own forever will help you eliminate short-term investments you are considering or any companies that don't have the quality to be held long-term, which will severely improve the make-up of your portfolio.

The second piece of advice [Buffett](#) gives is that almost always, the best investments over the long term are boring. By "boring," he means that you can expect the company to grow over time, albeit it will grow slowly and without much volatility.

While the industry in which it operates may also be a "boring" one, if it's a lucrative industry and the company is a cash cow, it shouldn't matter how boring the investment.

One company that fits all of the Buffett rules is **Suncor Energy Inc** ([TSX:SU](#))([NYSE:SU](#)).

Suncor is the leading energy stock in Canada. It's such a wonderful company and fits all of Buffett's rules so well that it's one of the only Canadian stocks in his portfolio.

The best long-term investments in the energy industry are the integrated companies, as the nature of their integrated operations allow them to better manage their profits even as commodity prices move with volatility.

First and foremost, Suncor is an oil producer. The company has massive capacity with the ability to produce just under one million barrels a day at roughly 960,000 barrels of capacity.

Suncor also has just under 500,000 barrels a day of refining capacity, which is a considerable amount of capacity and key for the company to manage its risk in regard to commodity prices.

Further helping to diversify its revenue, Suncor also owns roughly 1,750 retail sites across the country, helping to integrate the whole business top to bottom.

The composition of the business is what makes Suncor so attractive for investors, and the income the company has been able to generate is nothing short of impressive.

Over the last few years, it's been growing its margins considerably. From the full year of 2017 up until the trailing 12 months, Suncor increased revenue by roughly 17%; meanwhile, its normalized earnings per share increased by roughly 47%.

In addition to increasing margins giving a boost to its earnings per share, so are its share buybacks. The company has repurchased a number of shares over the last few years and combining its buyback program with its dividend, Suncor shareholders received a 7% yield on the capital returned to them in 2018.

Suncor is clearly the perfect Warren Buffett stock given that you can buy Suncor today and expect to hold it forever.

Suncor's shares will never move with great volatility, but the slow and steady increases coupled with the major levels of cash returned to shareholders make it the ultimate investment to buy today and hold forever.

## **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

## **TICKERS GLOBAL**

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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