



Warren Buffett: Is This His Last Dance?

Description

Before the current pandemic hit, Warren Buffett's **Berkshire Hathaway** (NYSE:BRK.A)(NYSE:BRK.B) built substantial holdings in cash to leverage the market downturn. Through more than six decades of his investing career, the Oracle of Omaha has come to be known as the greatest investor of all time.

Despite having his successes over the years in turbulent markets, Buffett might be [past his prime](#). The most successful investor of our time will turn 90 in a few months, and it might be the right time to consider that the ongoing market downturn is his last dance in the world of investing.

Succession will be on top of his mind. After all, I think you would agree that Buffett has more than earned his retirement after such a long and illustrious career. Despite having his retirement close, he is not the kind of investor that will walk away from an excellent opportunity to make a big score.

Significant losses

Leading up to the current market meltdown, Berkshire had a record US\$137 billion in cash and equivalent assets on its balance sheet. The company spent just US\$1.8 billion buying stocks and US\$1.7 billion repurchasing Berkshire shares. After the company's annual meeting earlier this month, Berkshire reported nearly US\$50 billion in net losses.

Most of the company's losses were due to several companies in its portfolio becoming devalued amid the pandemic panic. The operating returns for the company, however, improved by US\$5.87 billion.

Berkshire vice chairman Charlie Munger said that the company's lack of investment with the cash hoard should not come as a surprise. He stated that the company wants to get through the volatile market with substantial liquidity. His statement implies that Buffett is not making any significant investments due to the uncertainty caused by the coronavirus.

Current Buffett investment

While it remains to be seen how the Oracle of Omaha plays out what could be his final substantial foray into the world of investing before his retirement, let's take a look at **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). Warren Buffett famously invests in the shares of American companies.

Suncor happens to be the only Canadian energy stock that he has purchased shares of. Due to the recent oil price crisis, Canada's most substantial integrated oil and gas company suffered significant losses. With oil prices declining to historic lows, and disappointing results in its quarterly earnings report, Suncor slashed its dividends by 55%.

It was a disappointing move by the company from the shareholder perspective. However, it is a part of the measures that Suncor has taken to improve its long-term health. The company has reduced its initial 2020 capital program by 33% to \$3.6 billion, and it has put a hold to the share-buyback program.

At writing, Suncor is trading for \$24.44 per share, and it is up 62.18% from its March low. At its current price, it is paying a decent 3.44% dividend yield after the cut. With oil prices soaring again, Suncor is likely to achieve positive free cash flow.

Foolish takeaway

With no visible end to the COVID-19 pandemic, it remains to be seen how Warren Buffett will use the substantial cash that Berkshire is sitting on to capitalize on the market's weakness. While he admitted his [mistake of investing in the airline sector](#), Buffett has not changed his position in Suncor. I think Suncor could be a valuable addition to your investment portfolio.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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