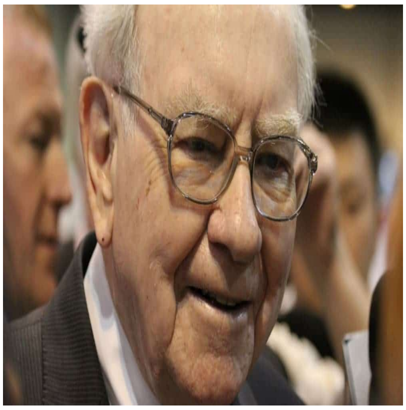

Critics to Warren Buffet: Your Top Advice Is Bogus

Description

Economists across the vast space of the internet came out in droves these last few months. The common theme: Warren Buffett. The investment mogul received tough criticism as shares in his investment portfolio **Berkshire Hathaway Inc.** (TSX:BRK-A) sunk lower.

While much of the market rose higher, Berkshire Hathaway seems to have levelled out. Shares fell 31% from peak to trough, and then joined the rest of the markets on a climb. After rising about 26%, shares fell again by about 12%, where it remains.

It seems that the market just isn't convinced about Warren Buffett and his ability to make money at this point. That's even after the investor's company acquired **Dominion Energy Inc.** for US$9.7 billion on July 6, with investors unconvinced about the purchase of yet another natural gas company.

Warren Buffett's critics

What's caused the criticism is that there are plenty of other portfolios out there making a *lot* of money right now. Investors bought shares aggressively in this downturned market and have made lots of cash in a short period. Meanwhile, Warren Buffett and his long-term hold strategy doesn't seem to hold true.

Looking at some of the holdings in Berkshire Hathaway, many remain low. Take **Suncor Energy Inc.** The stock is almost parallel to the performance of Berkshire Hathaway, stabilizing around $22 per share as of writing. This comes from the still-slumped oil and gas industry reaching the lowest price since the last recession.

But does recent performance mean Warren Buffett is wrong?

Always losses

If you're going to look at short-term performance, there are always going to be losses, especially in an economic downturn like we're experiencing. While it's true that Warren Buffett is lacking in the tech industry — an industry on fire recently — the long-term holds should hold true.

You can't have stocks that will always do well no matter the economic downturn. Financial institutions and energy companies, while down right now, are highly likely to rebound once the current economic situation is solved.

Canadian banks, for example, fared as some of the best in the world during the last downturn. These same banks haven't even cut dividends during this downturn despite losses.

While energy companies pose a bit more uncertainty, if you're holding for decades, I wouldn't worry. Companies like Suncor don't deserve the share price it has right now.

The company is the largest integrated oil and gas company, with its downstream services bringing in cash even now. So right now could be an excellent time to buy for when oil and gas rebounds in the next few years.

What now?

But what can you do now? Here at Motley Fool, we stand by the long-term hold strategy. While shares can always go down, if you look at larger companies, those same shares are likely to go right back up as well. But there's one Warren Buffett stock you could buy right now that's been on the rebound, but still has more to go.

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR) is the perfect stock to buy if you want some growth along with a long-term hold. The company fell with the rest of the market, but has come back 114% as of writing! It still has a potential upside of 40% to reach pre-crash prices.

The company managed to keep relatively stable during the pandemic quarantine period. Now, as businesses start to open yet again, the company is set up to rebound strong. In fact, the owner of Popeyes Louisiana Kitchen, Burger King and Tim Hortons should rebound quicker than many of its peers, according to analysts.

Foolish takeaway

While it's easy to criticize during a downturn, Warren Buffett is rich for a reason. The buy and hold long-term strategy works if you stick with it.

By creating a balanced portfolio filled with options from various industries, you can minimize your risk of huge losses. While you might not see short-term enormous gains, you won't see the reverse either.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:BRKA (Berkshire Hathaway Inc.)

2. NYSE:QSR (Restaurant Brands International Inc.)
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