



Warren Buffett Just Bought \$7 Billion Worth of This Nation's Stock

Description

Warren Buffett's [investment moves](#) lately are surprising, even to his loyal followers. The GOAT (greatest of all time) of investing never liked gold, yet he dumped his **Goldman Sachs** shares in favour of Canadian mining stock **Barrick Gold**.

His next action was a significant sector play that crossed continents.

The recent disclosure from **Berkshire Hathaway** shows that Buffett's conglomerate bought a 5% stake each in five trading houses in a country. Itochu, Marubeni, Mitsubishi, Mitsui, and Sumitomo are the largest trading houses in Japan.

Changing stance

Buffett has been shunning gold and Japanese stocks for years. He's viewed both as inferior investments. To him, the precious metal doesn't produce anything, while Japanese firms are mostly poor earners. However, the legendary investor is changing his tune in a COVID world.

The sudden reversal is confusing to some Buffett fans. Berkshire bought \$564 million worth of Barrick Gold shares and put in nearly \$7 billion in Japanese equities. Perhaps Japan offers a better investment window now than it did in 1998.

Other analysts believe the cheap valuations and sprawling operations of the firms are the possible reasons. Buffett is hedging against the [weakening U.S. dollar](#) and inflation risk. You can assume too that the Oracle of Omaha is familiar with the trading houses. His mantra has always been to invest in businesses that you know and understand.

Controversial sale

Before taking a Canadian gold stock position, Buffett owned only two TSX stocks, namely **Restaurant Brands International** and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). Both equities tanked during the mid-

March selloff. However, Berkshire's recent SEC filing also revealed it ditched all its entire holdings in the quick-service restaurant in Q2 2020.

People found the sale controversial, because between the two, Restaurant Brands is quickly recovering from COVID-19 lows and showing a better growth trajectory. Although Suncor continues to struggle, Buffett bought more shares of the oil kingpin.

Blue-chip operator

Selling Restaurant Brands and keeping Suncor Energy doesn't seem right, given the stock performance comparison. However, Buffett has a penchant for terrific companies that are trading below their intrinsic values. Suncor might be in a struggling industry, but it's among the best in the field.

The 55% dividend cut in the Q1 2020 doesn't seem to affect Buffett. Even if the yield is down to a modest 4.63%, the payout is safe. Likewise, the energy stock fits the value investor's long-term horizon. Suncor is severely disadvantaged at present, but the \$27.74 billion oil sands king has more financial flexibility than its industry peers.

Buffett has confidence in the energy stock and believes the company is well managed and will stand out in the oilfield over the long haul. For income investors who are also following Buffett's moves, Suncor is the cream of the crop in the oil patch. Its integrated operations should remain robust, even if oil prices stay low longer.

Diversified protection

Warren Buffett is making uncanny moves after the hellish stock market crash in March 2020. He appears fearful of impending economic pain that will kick in due to the impact of costly economic stimulus packages. Suncor and Barrick Gold give him more diversified protection.

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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