



Warren Buffett: Sell Canada?

Description

Warren Buffett is famous for making the headlines during periods of market uncertainty with massive acquisitions of high-quality companies trading for a discount. To everybody's surprise, he did not make any significant moves during the market decline during February and March 2020.

The billionaire investor recently made headlines but for entirely different reasons. Warren Buffett made an intriguing investment decision. He exited his entire position in one of the only two Canadian stocks he owns. Canadians should be wondering whether it is a sign they should sell the stock as well.

Buffett's **Berkshire Hathaway** sold its entire stake in **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) while retaining all its **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) shares.

A confusing move

The decision to sell RBI shares and keep Suncor in Berkshire's portfolio is confusing for investors. The owner of three major fast-food chains, namely Tim Hortons, Burger King, and Popeyes Louisiana Kitchen, Restaurant Brands International has been seeing an excellent run in recent weeks. Suncor's performance during this time has been in stark contrast to the food-chain giant.

Typically, Buffett's decision to exit his position in stock signals a strong sell signal to investors. We have seen it happen with **Delta Airlines** and many others in the past. However, the news of Buffett selling RBI did not seem to budge RBI's investors. The restaurant industry giant continues to make massive strides, as it recovers from COVID-19's impact.

Restaurant Brands International has reopened more than 90% of its restaurants in the second quarter of 2020. It has not been all good news for the company, as its net income for the last quarter fell 36%, and its total revenue declined 25%. RBI plans to shut down underperforming locations to improve its liquidity.

Another questionable move

According to the latest 13F filings of Berkshire with the SEC, Buffett did not just sell the shares of RBI. It also [increased its stake in Suncor Energy](#). As of June 30, 2020, Buffett owns 19.94 million shares of the oil sands giant compared to 14.94 million shares at the end of March 2020.

Suncor recorded its 18th consecutive year of dividend growth, as it raised its dividend by 10.7% in February 2020. However, the oil price wars between Saudi Arabia and Russia caused significant trouble for energy companies, and the pandemic made things worse by devastating commodity demand and prices.

Suncor ended up implementing a 55% dividend cut in anticipation of a challenging position for its short-term liquidity. The decision to increase his position in Suncor, despite the Canadian oil patch's weakened position, while exiting RBI is utterly confusing.

Foolish takeaway

Both Suncor and RBI are trading for discounted prices on the TSX. However, Suncor is down almost 60% year to date, and RBI is down less than 11% in the same period. Curiously, Buffett increased his position in the energy sector giant, despite the dividend cut.

Bill Ackman, the owner of Pershing Square Holdings, sold his entire position in Berkshire and retained his position in Restaurant Brands International. I would generally advise following [Buffett's investing moves](#). However, it seems RBI seems like a better bet than Suncor as of this writing.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date

2025/08/22

Date Created

2020/09/28

Author

adamothonman

default watermark

default watermark