



Warren Buffett: Has the Oracle of Omaha Lost His Touch?

Description

Known as the “Oracle of Omaha,” Warren Buffett has amassed a massive fortune over his decades-long investment career. Averaging a return of 20% in more than 40 years as an investor, it is safe to say Buffett’s investment strategies have been quite successful. However, it does not mean that all of his decisions are good ones.

Buffett has occasionally been known to make confusing investment decisions that do not always work out. His conglomerate **Berkshire Hathaway** (NYSE:BRK.A)(NYSE:BRK.B) holds more than US\$146.6 billion in its cash pile, and he has made moves that surprised everybody during these unpredictable times.

Selling his Canadian shares

Buffett has a reputation for investing primarily in US stocks. However, the billionaire investor has made strides into international markets and even owned two Canadian stocks for a long time. Amid the uncertainty, Buffett decided to exit his entire position in one of the companies — but it wasn’t the company everybody expected him to sell.

Buffett sold all his **Restaurant Brands International** shares according to the latest reports. Berkshire’s latest 13F filing in Q2 2020 also revealed that Warren Buffett chose to stay put in **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)), despite the drastic losses for the energy sector operator.

The move is confusing because RBI has drastically improved its stock market performance after the initial sell-off frenzy. It managed to offset most of its loss of income from dine-in sales by maximizing its drive-thru and delivery sales. However, Suncor has been ravaged by COVID-19.

The company lost \$3.52 billion in the first quarter and \$614 million in the second quarter of fiscal 2020. While many oil companies sell their oil after extraction to other operators to refine it, Suncor has its own operations for refining and distributing its products. It allows the company to sell directly to end consumers, but it became stuck selling gasoline for much lower prices amid the lockdown.

Suncor's losses have been substantial. The stock is trading for \$17.07 per share at writing, which means that Suncor share valuations are down 62.11% from its January 2020 peak.

Buying another Canadian company

One of the alarming revelations from the latest 13F filing was the [acquisition of Barrick Gold \(TSX:ABX\)](#) (NYSE:GOLD) shares. Buffett's Berkshire invested US\$563 million in the company to establish a solid position in the gold mining company. This is another surprising move for avid Buffett followers because the Oracle of Omaha always avoided investing in gold and gold mining companies.

If you consider Barrick's fundamentals, the company seems like a logical acquisition. It has drastically reduced its debt and focused on increasing its productivity over the years. The gold and copper mining company can virtually eliminate its debt by the end of the year thanks to the rising prices of gold that are boosting its profits.

Foolish takeaway

The move away from RBI and choosing to remain with Suncor are confusing decisions for many investors. However, he might not have lost his touch after all. Buffett's decision to invest in Barrick Gold is a sign that he could be preparing for [another market crash](#). RBI was one of the worst-hit Canadian stocks in the initial sell-off. Exiting his position could be a way to preserve capital.

The recent times have shown us that COVID-19 caught even the likes of Buffett off guard. However, I think he might be the most well-equipped investor to navigate these uncharted waters to emerge stronger on the other side.

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