



## Warren Buffett: Should You Avoid Dividend Stocks?

### Description

Warren Buffett [sold all his stake](#) in the **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) stock according to the latest 13F filing by his conglomerate Berkshire Hathaway. The surprising move might have worried many investors about Buffett's position in Canada and whether he might be suggesting that dividend stocks are not ideal at this time.

If you were wondering whether he is giving up on dividend-paying stocks, let me tell you that it should not be a sign for you to avoid them. Buffett did sell half his Canadian stocks, but he also increased his position in Suncor. As of the filing, Buffett's Berkshire Hathaway owns 19.94 million shares of Suncor compared to 14.94 million shares in March 2020.

Let's discuss the recent moves he made and a stock you could consider leveraging in your portfolio for its reliable dividends.

### Battered energy giant

Suncor Energy has taken a massive beating between the oil price crisis and the drop in demand for crude oil due to the pandemic. The stock is down 62.29% at writing on a year to date basis, and it is trading for \$16.05 per share.

The energy infrastructure company recorded its 18th consecutive year of dividend increases when it raised its dividends by more than 10% in February 2020. However, the onset of COVID-19 saw the energy company's management decide to preemptively slash its dividends by 55% to offset the short-term financial weakness and retain better liquidity.

The move saw the company lose its Canadian Dividend Aristocrat status, and the company continues to face challenges. The company will release its third-quarter 2020 results at the end of this month. The company delivered funds from operations of \$0.32 per share in Q2 2020, down from \$1.92 per share in the same period last year.

Despite its current weakness, Suncor is a giant in the industry with enough liquidity to recover once the

global situation improves. It could be a reason why Buffett chose to remain invested in the battered stock.

## Buffett's betting on gold

Another surprising move by Buffett was to add more than \$500 million in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) to his portfolio. The Oracle of Omaha added the gold and copper mining company to his portfolio despite his long-standing reputation for avoiding gold and gold-related companies.

The volatile market conditions and the threat of another market crash have fueled gold prices. Gold prices hit the US\$2,000 mark earlier this year. However, gold prices have slightly decreased and stabilized in the US\$1,900 region. Barrick Gold has been on a strong run for the past few years, and the increasing gold prices have helped the company pay down most of its debt.

While Buffett might not be a fan of gold, Barrick's strong balance sheet and improved overall fundamentals make it an ideal Buffett stock.

## Foolish takeaway

Buffett's sale of Restaurant Brands International and his bet on gold with Barrick does not necessarily state that he is avoiding dividend stocks. I think his decision to remain invested in Suncor suggests that dividend stocks are still a viable option to consider.

You could consider adding Suncor to your portfolio if you want to [emulate the Oracle of Omaha](#) in his yet unclear approach to investing during the pandemic.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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