



Warren Buffett: Even the Oracle of Omaha Is Wrong Sometimes

Description

One of the reasons Warren Buffett has managed to consistently achieve market-beating results in his decades-long career is his ability to identify high-quality stocks trading for a discount. The billionaire investor has been largely successful with most of his long-term investment decisions.

However, even the Oracle of Omaha himself is prone to making mistakes once in a while. I will discuss one of his disappointing investment decisions in the recent past and one he made after the onset of COVID-19.

Buffett's disappointment with condiments

Warren Buffett's **Berkshire Hathaway** has been searching for a substantial acquisition with its massive cash hoard. We have yet to see Buffett use most of his idle cash. Buffett has not been the only one trying to make big money moves. 3G, a company that was co-founded by Jorge Paulo Lemann, has also struck out in recent years.

Kraft Heinz is a company that 3G managed to secure with the help of Berkshire and Buffett. Buffett joined forces with Jorge to pursue a deal to acquire condiment giant Heinz in 2013 to merge it with Kraft Foods in 2015. Buffett has admitted that this was a mistake on his part.

Buffett retroactively considers that he overpaid for Kraft, and his 26.6% stake in Kraft Heinz has devalued significantly in the last three years. While Buffett mostly makes excellent investment decisions, the Kraft Heinz deal might not be the only mistake he made.

A possible Canadian mistake by Warren Buffett

Warren Buffett surprised everyone by investing US\$500 million in Canadian gold producer **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). The shocking move was revealed in Berkshire's Q2 2020 13F filing. At the time, the move made sense. Gold's valuation was rising steadily amid the increasing volatility in stock markets worldwide.

As investors flocked to buying the safe-haven asset, the value of gold reached the US\$1,900 mark. The result was greater profit margins for gold producers like Barrick Gold.

Gold was on a tear in the summer, but it has since calmed down. The spot price of gold even managed to breach US\$2,000 per ounce at one point in 2020, but it is currently hovering around \$1,850.

The loss of momentum in gold and better opportunities in the market saw [Buffett make a U-turn](#) and shed 40% of his share in the company, according to Berkshire's Q3 2020 13F filing.

Foolish takeaway

Buffett might seem like he knows everything, but the mistakes with Kraft Heinz and Barrick Gold prove that he is only human. If you are a Canadian investor banking on the rare yellow metal, investing in a gold stock like Barrick Gold could still be a better option than buying the physical metal itself. A gold stock provides you with a layer of security, and it is a far more liquid investment.

If you want to align yourself with Buffett, you might want to be more cautious with your approach towards gold. There are other securities trading on the TSX that can offer more [consistent returns through the pandemic](#) that you can consider.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

PARTNER-FEEDS

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

Category

1. Investing

Date

2025/08/24

Date Created

2020/12/07

Author

adamothonman

default watermark

default watermark