



## Warren Buffett Doesn't Believe in Hedge Funds

### Description

Warren Buffett often happens to negate the broader investor sentiment. The Oracle of Omaha has made investment decisions over the years that initially seem surprising but end up turning out to be well thought out. Buffett also has a very strong opinion on several things.

Buffett hates gold, he considers [Bitcoin to be rat poison](#), and he just does not believe in quant hedge funds.

In fact, his dislike for hedge funds is quite famous. Buffett issued a challenge to the hedge fund industry in 2008. He did not like the exorbitant fees that funds charge their clients and felt that active human investors are far better at making successful investing decisions than computers.

### The Oracle of Omaha

Warren Buffett is called the Oracle of Omaha for a reason. Soon after Buffett made a bet in 2008, the stock market crashed, and we saw one of the worst economic declines of our time. Buffett's victory did not seem likely, as hedge funds managed to show off their strong suit: hedging.

Buffett's index fund lost almost 40% of its value. Hedge funds' index declined by almost 24% in the same period. It took Buffett four years to pull ahead of hedge funds in terms of cumulative returns, but he made a strong comeback. By the end of 2016, Buffett's index fund bet gained 7.1% per year compared to 2.2% per year for the hedge fund's picks.

The contest between Buffett and the hedge fund Protege Partners LLC concluded on December 31, 2017. Protege cofounder, Ted Seides, conceded defeat.

### A potential Buffett-like pick

Warren Buffett has often said that his favourite holding period for investments is "forever." It is not easy to find stocks that you can own for decades at a time for long-term profits, but Buffett has done it

several times throughout his career.

If you want to make millions by holding on to an investment for decades, **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) could be a potential asset you can consider adding to your portfolio.

If you invested in oil stocks during the 70s, holding your investments for the next few decades might have made you a millionaire. The patience of investors who stuck to oil companies has paid off with massive returns. However, the oil industry can only last so long. Renewable energy is going to become the next big thing.

Over the last five years, \$5 trillion has been invested in renewable energy infrastructure. In the next five years, experts predict that investment in the sector will be over \$10 trillion. With such potential in the sector, companies like Brookfield Renewables are already paving the way for investors to capitalize on the boom.

Brookfield has already positioned itself well to capitalize on the growing renewable industry. It has an extensive portfolio of renewable energy assets worldwide, spanning solar, hydroelectric, wind, and storage. Its geographical and technological diversification can allow BEP to generate massive returns as the demand for renewable energy increases.

Investors who join hands with the company right now could see their fortunes grow significantly as the company leverages the industry's gradual boom.

## Foolish takeaway

Warren Buffett [might not be perfect](#), but it is a good thing that he does not believe in betting against the economy. He does not like gold or Bitcoin and hates hedge funds.

The Oracle of Omaha has made billions by investing in high-quality companies that have significant room to grow in the long run. Brookfield Renewable Partners might not be a part of his investment portfolio yet, but it could have the potential to make investors millionaires in the long run.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

## PARTNER-FEEDS

1. Business Insider
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