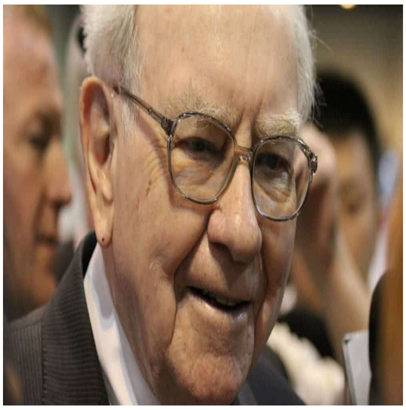

Warren Buffett: Can He Prove His Haters Wrong?

Description

Warren Buffet’s **Berkshire Hathaway** has been beating the S&P 500 Index from 1999 to 2020. However, Berkshire shares managed only a 2% gain last year against the +18% of the S&P 500. The gap between his stock and the broader U.S. stock market index from 2019 to 2020 was 37% — the widest in recent memory.

It appears the GOAT of investing has lost his relevance. Many investors were disappointed, especially in Q1 2020, because Buffett was more a seller than a buyer. Some of his ardent followers have become his detractors too. Can Buffett prove his critics wrong in 2021?

Disenchanted investors

With Berkshire’s losing duel with the S&P 500 in the last two years, some critics describe Buffett as a washed-up investor. According to long-time investor David Merkel, his idol might have an outdated view of how much the market could fall. Perhaps it was due to the uneasy attitudes of economic policy makers.

Merkel sold half of his holdings in Berkshire when Buffett did nothing during the coronavirus-induced market crash in March 2020. The company had a record cash pile of $137 billion but did not use it to purchase attractive options during the turbulent period. Merkel thinks Buffett will not change that much in 2021.

Bill Ackman, chief of Pershing Square Capital, said in November 2020, “We have probably lost more money in Berkshire than anyone in the world.” The billionaire investor expected Buffett to be super aggressive when the market declined. Pershing Square had a $1 billion stake in Berkshire at the end of March 2020 but sold its entire holdings by May.

Berkshire Hathaway’s most considerable outlay was an $18 billion buyback of its shares, followed by the $10 billion purchase of the natural gas assets of **Dominion Energy**. In Q3 2020, Berkshire added at least 7% more of **Bank of America**, **General Motors**, and **Kroger** shares. The new stakes are in pharma stocks **Pfizer**, **Abbvie**, **Bristol-Myers Squibb**, **Merck** plus **T-Mobile U.S.** and tech startup **Snowflake**

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High-quality restaurant stock

Berkshire ditched its entire holdings in **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) in Q1 2020. Meanwhile, Ackman's Pershing Square bought more QSR shares after dumping Berkshire shares.

COVID-19 gutted the restaurant industry, although the iconic Canadian franchising company could make a comeback in 2021. Ackman remains bullish and boasts that Pershing never lost money in the restaurant industry. He credits the TSX stock as one of the reasons he has a perfect investing record.

Restaurant Brands recovered after sinking to $39.82 on March 18, 2020 and lost by only 3.2% last year. As of January 15, 2021, the share price is $80.07 or a 102.7% rally from its COVID-low. Your money would be worth $20,266.20 today had you bought $10,000 QSR shares at its low point.

If you're an income investor, the $24.33 billion operator of Burger King, Tim Hortons, and Popeyes pays a decent 3.32% dividend. Ackman believes the franchising company is a high-quality investment and should do better post pandemic.

Brighter outlook

Despite the low return in 2020, Berkshire Hathaway's book value grew by an estimated 7%. In 2021, expect the largest value stock in the S&P 500 to benefit from a recovering U.S. economy. Warren Buffett will also prove his haters wrong with new noteworthy investments.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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