



## Warren Buffett: Sit on Cash and Be Ready to Buy Stocks

### Description

If there is anyone who knows how to thrive during a market crash, it is Warren Buffett. In almost 60 years of taking over **Berkshire Hathaway**, Buffett has proven repeatedly why he is called the Oracle of Omaha.

Weathering several bear markets to come out stronger on the other side, Buffett even managed to grow his wealth through the Great Recession. It is not a small feat, because countless investment firms closed their doors during market crashes in the same period.

Buffett's investing strategy has helped him through the years in avoiding an abysmal fate. He hoards cash and buys on dips in equity markets while minimizing leverage. Buffett has [made mistakes in the past](#), but he has learned from them, and his approach has helped him prosper for decades.

### Sitting on lots of cash

Buffett's crucial method of following this approach is maintaining a lot of liquidity, especially when the situation seems ripe for buying opportunities. Warren Buffett did not accumulate such a massive wealth through aggressive investments and major acquisitions.

He has always kept billions in cash, ready to deploy during dips. Warren Buffett has been sitting on more than \$139 billion in cash since 2020.

### Why Buffett has accumulated a huge cash pile

Investors anticipated Buffett to go all-in when the markets suddenly took a downturn amid the panic-fueled sell-off in February and March 2020. To everyone's surprise, Warren Buffett did not spend more than spare change during the market crash last year and kept increasing his cash pile. It [threw many investors off](#) who assumed that he was waiting for this opportunity.

However, it seems that Buffett held onto his cash, because he anticipates another substantial market

crash that might not have the same V-shaped recovery like last year. If it is true that he expects another market crash, it could be worth your while to increase your liquidity so that you can pounce on value opportunities during the next market crash.

## A Warren Buffett pick to consider

We might have to wait for another market crash to know what Buffett considers to be the big-ticket value opportunity he has been waiting for with his cash pile. In the meantime, there is a stock that Buffett chose to stick with, despite becoming a net seller for the first time in a very long time: **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

Suncor is one of two Canadian stocks that Buffett owns. Like most of Buffett's acquisitions, Suncor is a beaten-down stock that is trading below its book value. Suncor took a double whammy between the oil price crisis and dwindling demand for crude oil due to the pandemic.

It suffered three consecutive losing quarters, and many might have expected Buffett to cut his losses. Warren Buffett chose to remain invested in the company, because it seems to have a financial moat wide enough for it to recover as demand goes up again. The negative sentiment in the market continues to keep Suncor's valuation below the value of its assets.

Recovering oil demand could position Buffett to earn substantial returns from the Canadian stock.

## Foolish takeaway

It might be next to impossible to emulate Buffett's success as an investor today entirely. However, you can still try to imitate the billionaire investor's approach to generate substantial wealth in the long run. If you are looking for a Canadian Warren Buffett pick, Suncor could be worth considering adding to your portfolio.

### CATEGORY

1. Dividend Stocks
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1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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