



Warren Buffett's Partner: All Stocks Are Overvalued

Description

Warren Buffett's partner Charlie Munger recently came out swinging against the 2021 stock market. In a message to *Daily Journal* shareholders, he said that the market was overvalued and that no bargains were available. While Munger has always been a bit of a pessimist, his recent comments imply that virtually *all* stocks are overvalued at today's prices. That's a radical position, and one that Warren Buffett himself may agree with. First, though, let's take a close look at Charlie Munger and the level of influence he exerts on Buffett.

Who is Charlie Munger?

Charlie Munger is Warren Buffett's longtime business partner. He's the Vice-Chair of **Berkshire Hathaway** and Chairman of the *Daily Journal*. He also founded the law firm **Munger Tolles & Olson** and sits on **Costco's** board of directors. Put simply, this guy is a heavy hitter in the business world, even more so than his partnership with Warren Buffett would suggest.

But as far as investors are concerned, Munger's [partnership with Buffett](#) is his most pertinent quality. Buffett has gone on the record as saying that he and Munger think the same way. One of Buffett's relatives once said that Munger was the only person she'd ever met who seemed smarter than Buffett himself. So Munger has a big influence on Warren Buffett. If you follow Buffett's advice, you should follow Munger's, too.

Buffett probably agrees with his sentiment

It's quite likely that Warren Buffett agrees with Munger on stocks. The two have occasionally disagreed (for example, Munger thought the 2008/2009 financial crisis [was the end of America](#), while Buffett thought it was just a bump in the road). But more often than not, they're on the same page.

So Buffett most likely agrees with Munger about the stock market, whether he expresses his agreement out loud or not. Indeed, his 2020 investing moves suggest that he's pretty bearish. In 2020, Buffett sold more stocks than he bought, exiting airlines entirely and trimming financials. Even long-

time Buffett favourite **Wells Fargo** got trimmed, and Costco got the axe completely — not the actions of someone who is bullish on stocks, to put it mildly.

One stock that Buffett *does* like

While Buffett is pretty bearish these days, there is one stock that Buffett undeniably likes. And as it turns out, it's a Canadian stock:

Suncor Energy Inc ([TSX:SU](#))([NYSE:SU](#)). Suncor is a major energy producer whose primary business activity is extracting oil and selling gasoline. Because it mainly sells gasoline to Canadian consumers, it's not vulnerable to U.S. president Joe Biden's hawkish stance on pipelines. The stock did take a beating in 2020. After three consecutive losing quarters—including one quarter with a whopping \$3.5 billion loss—you'd expect the stock to fall — and fall it did. But as it declined in price, Buffett just bought more, getting in around \$20 in the second quarter.

While Suncor has another tricky year ahead of it with COVID still very much a reality, it stands to benefit enormously when the pandemic is over. And unlike many other energy stocks, it doesn't depend on goodwill from the U.S. in order to thrive. Definitely a Buffett play worth watching.

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