



Warren Buffett: Should You Buy What He's Buying?

Description

American billionaire and legendary investor Warren Buffett is a market mover. Investors watch his every move, although he was criticized in early 2020 as he stayed on the sidelines for most of the COVID-19 crash. Buffett's buy and sell activities, through **Berkshire Hathaway**, picked up in Q2 2020 and a [rebalancing of its stock portfolio](#) is ongoing in 2021.

His conglomerate lost almost \$50 billion in Q1 2020, but its stock market gains led to a record quarterly profit in Q4 2020. The most notable activity was Berkshire's buyback of \$24.7 billion during the quarter, five times more than in 2019. Besides the repurchases, Buffett's investment arm trimmed positions, ditched entire holdings, and took new positions. Given his latest moves, should investors buy what the GOAT of investing is buying?

New positions

Buffett seems to be moving to the healthcare sector following additional investments in global pharmaceutical giants **AbbVie**, **Bristol-Myers Squibb**, and **Merck**. The value investor sees a bright outlook for the 5G network. He took a brand-new position in **T-Mobile**, the second-largest wireless provider in the United States.

Berkshire Hathaway also bought US\$8.3 billion worth of **Verizon Communications** shares. Because the grocery stores were relatively immune to the 2020 economic downturn, Buffett increased his holdings in grocery store chain, **Kroger**.

Insurance broker **Marsh & McLennan** is another new addition, with Berkshire buying US\$504 million worth of shares. The company's wholly-owned subsidiary, Geico, also has a significant presence in the insurance industry. Buffett entered the high-end home furnishing sector with a new position in lifestyle company **Restoration Hardware**.

Little success in energy stocks

Buffett's track record in the energy space isn't stellar, but he's not giving up yet. Berkshire bought \$4.8 billion worth of shares of oil major **Chevron**. Meanwhile, the portfolio basket holds only one Canadian stock. Buffett dumped his [entire holdings](#) in **Barrick Gold** after only two quarters.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is the proverbial last man standing, although Berkshire Hathaway's position is down to 13,849,207 shares. Buffett reduced his stake in the oil sands king by 27.87% in Q4 2020.

Lone TSX stock

Suncor Energy had a rough 2020 and dismal stock performance. Apart from the 55% dividend cut, investors lost 47.7%. The current share price of \$25.27 is 30.5% lower than it was a year ago. However, the dividend yield is still a respectable 3.22%, although the energy stock lost its dividend aristocrat status.

We're not sure whether Buffett will eventually drop his lone **TSX** stock anytime soon. Thus far, Suncor is up 18.4% year-to-date. Market analysts forecast the price to climb 109.7% to \$53 should oil prices rebound, and economic conditions improve in the next 12 months.

In 2020, management will maintain its disciplined approach to capital allocation. Similarly, the \$38.54 billion integrated energy company plans to reduce debt by \$1 billion to \$1.5 billion and repurchase between \$500 million and \$1 billion its shares. Perhaps Buffett is keeping Suncor Energy for its long-term potential and the oil price rebound.

Heavy influence on the market

Warren Buffett can influence the stock market. He moves the needle every time he buys or sells stocks. However, not all his investments are winners. His recent moves give investors a glimpse of the man's preferred companies or sectors in post-pandemic.

CATEGORY

1. Dividend Stocks
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