



## Warren Buffett's Annual Letter: 3 Things It Was Missing

### Description

Warren Buffett writes letters to **Berkshire Hathaway** shareholders every year. He wrote the first letter on November 9, 1965, following Buffett Partnership Ltd.'s takeover of Berkshire six months earlier. Buffett's annual letters contain interesting themes, usually on matters relating to current events in the investment world.

Ardent followers of the GOAT of investing derive lessons from the letters and use them in their respective investment activities. People eagerly awaited the 2021 letter because of other [headline-makers](#) besides the global pandemic. While his February 27, 2021 letter didn't lack substance, there were three topics Buffett skipped.

### Cryptocurrency and GameStop mania

Bitcoin's resurgence and Robinhood investors locking horns with Wall Street giants are big stories in 2021. However, Buffett didn't waste ink on the frenzy that rocked the financial markets. The price of the world's most popular cryptocurrency is now above the US\$50,000 mark, which is approximately 522% higher than the digital token's worth a year ago.

Meanwhile, a new breed of investors was scooping shares of a beleaguered video game retailer to the detriment of hedge funds. **GameStop** was the target of short-sellers. The stock soared 1,915% from US\$18.84 to US\$347.51 in January. Still, Buffett ignored both shockers as if to say they were not worth his while.

### Little mention of the COVID-19 pandemic

Berkshire's CEO hardly mentioned the ongoing health crisis, except for one indirect reference. He said U.S. business would thrive over time despite the pandemic. Buffett's focus was more on the long-term prospects of the stocks in his conglomerate's portfolio.

The value investor also justified the nearly US\$25 billion repurchase of Berkshire Hathaway shares.

Because of the buyback, shareholders' ownership in all of Berkshire's businesses will increase by 5.2%. None will put out money anymore. Likewise, the letter assures shareholders that the 90-year-old value investor has no plans to retire.

Berkshire either trimmed or increased holdings in some companies during the fourth quarter of 2020. Buffett sold his entire holdings in **Barrick Gold** but took new positions in **Chevron Corp.** and **Verizon Communications**. **Suncor Energy** is the only Canadian firm left in the conglomerate's stock portfolio.

## TSX standout

Buffett invests in companies with [competitive advantages](#) and strong cash-generating abilities. If you apply the same criteria when picking stocks, **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) stands out on the **TSX**. The \$51.48 billion company is the leader in Canada's telecommunications industry.

While operating revenues in Q4 2020 fell 2.8% to \$6.1 billion versus Q4 2019, net earnings climbed 28.9% to \$932 million. For the full-year 2020, BCE achieved approximately 96% of its 2019 service revenue and 2020 adjusted EBITDA. The telecom giant had \$3.8 billion of available liquidity at year-end 2020.

For 2021, management projects revenue and EBITDA growth to between 2% and 5%. BCE's free cash flow should be around \$2.8 billion to \$3.2 billion. If you were to invest today, BCE trades at \$56.93 per share and pays a high 6.15% dividend. Market analysts are bullish and forecast the stock to climb 21% to \$69 in the next 12 months.

## Central theme

Warren Buffett didn't dwell on the pandemic's fallout, bitcoin craze, and GameStop drama in his 2021 letter to shareholders. The central theme was "Never bet against America." He encouraged investors to have faith in the U.S. economy and the businesses Berkshire Hathaway owns.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

**Category**

1. Dividend Stocks
2. Investing

**Date**

2025/07/19

**Date Created**

2021/03/12

**Author**

cliew

default watermark

default watermark