



## Warren Buffett Dumps His Only TSX Stock, But it's a Screaming Buy

### Description

Is the GOAT of investing parting ways with an oil & gas bellwether for good? Canadian followers of Warren Buffett noticed in the recent S.E.C. filing of **Berkshire Hathaway** that there's no more **TSX** stock in the company's portfolio. In Q1 2021, Buffett's conglomerate sold its entire holding in **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

During the same quarter, Berkshire trimmed its holdings in **General Motors** and big pharmaceutical firms such as **AbbVie**, **Bristol-Myers Squibb**, and **Merck**. The company bought more shares of **Verizon** and **Kroger**.

People might construe that Buffett is slowly veering away from the energy sector. His company also reduced its holdings in **Chevron**, another oil giant, by more than 50%. Some observers find it odd that the Oracle of Omaha ditched his lone Canadian stock when TSX's energy sector is the [top performer](#) thus far in 2021.

### Only possible reason

Other market analysts think there's pressure to reaffirm Berkshire's commitment to shift to environmental, social, and governance investing. Buffett and his long-time partner Charlie Munger liked natural gas before and considered Canada's oil sands' king a value stock. Berkshire ditched Suncor Energy in 2016 only to repurchase shares in 2018.

### Regaining lost ground

Only time will tell whether it was an untimely move by Buffett to sell Suncor shares. The \$42 billion integrated energy company seems to be regaining lost ground. Cash flows are rapidly increasing of late, and higher dividend payments could follow. As of May 21, 2021, the share price is \$27.91, while the dividend yield is a decent 3.01%.

Current Suncor investors are happy because their top energy stock's 31.79% year-to-date gain

outperforms the broader market (+12.01%). The energy sector is similarly ahead by +36.58%. Market analysts' high price target is \$40 or a +43.33% climb. With or without Buffett, Suncor is a screaming buy given its operational momentum in 2021.

In quarter ended March 31, 2021, Suncor reported net earnings of \$821 million versus a net loss of \$3.5 billion in Q1 2020. The company generated \$2.11 billion in funds from operations during the quarter versus \$1 billion in the same quarter last year.

Cash flow from operating activities also increased to \$2.345 billion from \$1.383 billion a year ago. In the same quarter, Suncor made an equity investment in a Canadian carbon capture company, Svante. The latter counts on the support of Suncor and other companies to continue developing the technology to capture CO<sub>2</sub> from industrial processes at reduced costs.

Carbon capture has become a strategic goal for Suncor. It will leverage technology to reduce greenhouse gas emissions in its base business and produce blue hydrogen as an energy product.

## Latest development

Suncor Energy made [headlines](#) recently following the announcement that it would collaborate with **ATCO** to create a world-scale clean hydrogen facility. The partnership is pleasant news to the federal government and provincial government in Alberta.

The proposed project is a bold move. It aims to reduce CO<sub>2</sub> emissions by more than two million tonnes per year in Alberta. Furthermore, you can expect the emission-reduction endeavor to provide jobs across the province and generate substantial economic activity. The energy company and utility firm will also make available hydrogen volumes for Alberta's industrial, municipal and commercial transport users.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
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### TICKERS GLOBAL

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

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