



Warren Buffett Sold His Suncor (TSX:SU) Stock: Should You?

Description

[Warren Buffett](#) has made his portfolio completely free of Canadian stocks. His recent exit from **Suncor** ([TSX:SU](#))([NYSE:SU](#)) marks the last of his Canadian holdings. The move hasn't been devastating for the stock yet. While Buffett did couple the exit with a reduction of stake in U.S. energy as well, Suncor was the only major energy player he completely exited.

The move most likely came as a response to improve **Berkshire's** portfolio's ESG profile. But even then, what is Buffett seeing that other investors aren't about Suncor? Other than the factor that Suncor slashed its dividends, the company seems rock solid. So, did Buffett make a mistake, or should you follow in his footsteps?

Should you sell Suncor?

No. At least not if you believe that the energy sector has fully recovered and its long-term growth prospects are good. Suncor has [a powerful position](#) in the sector. It's financially stable enough to cover and even grow its dividends (to recover its legacy as an aristocrat), the share price has grown over 80% in the last seven months, and it has turned things around, at least a bit (financially) in the first quarter of 2021.

Suncor is still heavily discounted from its pre-crash peak (about 37%), and it's trading at about half the price of its 2018 peak. It's a decent-enough valuation deal as well, especially considering its recent growth phase. The yield is still at 3%, and the company is highly unlikely to slash its dividends anytime soon because that *might* alienate the investors too much.

Even if you are not planning on buying more Suncor shares, selling it might not be the best approach, at least not now. The energy sector momentum might not wane anytime soon, and Suncor might ride this wave, at least to its pre-crash price. Waiting till then might be [a good idea](#).

The future of Suncor

Suncor is teaming up with **ATCO** on a project that's expected to cut Alberta's emissions by about two million tonnes (every year) and produce about 300,000 tonnes of green hydrogen to meet the energy needs of Canadian consumers. The project is a major step in the right direction — i.e., a cleaner and greener energy sector in Canada.

The project, which might go live as early as 2028, might not offset the “heavy carbon” burden of oil sands that Suncor bears. But it shows that the company is exploring possibilities and expanding its product portfolio and operational capabilities, which might stay relevant in a relatively oil-less future.

Foolish takeaway

Warren Buffett is one of the greatest investors of all time, and his strategies, though undoubtedly complex, are based on his relatively simple and straightforward investment philosophies. But even though he has honed his investment skills for decades, Buffett *can* and *does* make wrong calls every now and then, and Suncor might be one of them.

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