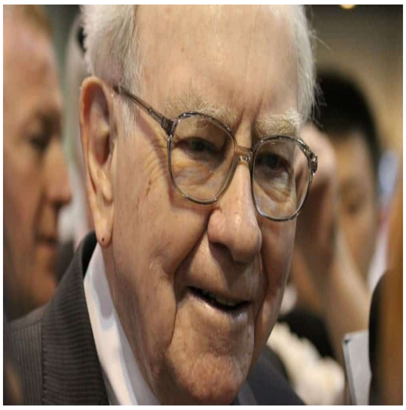

Warren Buffett Didn’t Know How Bad COVID-19 Would Get

Description

Earlier in March, Warren Buffett described the market crash as a one-two punch — a combo of pandemic and falling oil prices. It was before the market hit its lowest point. And now, the oil has hit rock bottom as well.

Warren Buffett is known to make a fortune in market crashes by buying amazing companies at low prices. His well-placed decisions and strategy of “being greedy when others are fearful” have allowed him to amass an empire of powerful investment. But despite the fact that his firm is sitting on a huge pile of cash, that he and the firm haven’t made any significant purchases might be a warning in itself.

One thing this “restraint” indicates is that it’s possible that Warren Buffett didn’t know how bad the pandemic would get. The wizard of Omaha might be seeing a clouded future, just like the rest of us. Some people are also speculating that Buffett is still waiting to make his move, that maybe the market hasn’t fallen hard enough yet. Meanwhile, **Berkshire Hathaway’s** current portfolio is also suffering heavy losses.

The airlines and financial elements of the company’s portfolio have been hit the hardest and are still taking a lot of time to recover. However, the one sector that has been working well for Buffett’s portfolio is technology.

A software company

If Buffett’s current moves and recent non-existent purchases do not offer a viable investment insight, we can look at some of his older decisions that are currently paying off, like investing in tech companies. One option that investors might want to consider is **Kinaxis** (TSX:KXS), which, at a price-to-earnings ratio of 117 for the last 12 months, might be one of the most overvalued stocks on TSX.

Kinaxis is a supply chain solution management. It provides cloud-based supply chain solutions to a wide variety of industries, usually major multinational organizations.

Some of the important clients of the company are **Ford**, **Cisco**, **Avaya**, **Qualcomm**, Nissan, and

Yamaha. The company's crown jewel product is RapidResponse — a cloud-based integrated supply chain planning platform.

Kinaxis's current market capitalization is $3.5 billion, and its enterprise value is $2.29 billion. Its balance sheet is strong, with almost no debt, a large amount of cash and decent cash flows. When the market fell in March, Kinaxis's share price went down 22%, but it's already recovered and is currently at its five-year highest point. Its five-year returns are about 359%, and the CAGR is 35.6%.

Foolish takeaway

Even in this uncertain market, where many great companies have been run to the ground, some stocks are still performing well. But it's hard to say if this streak will continue, especially if the world enters a new recession. If gurus like Warren Buffett are unable to predict the market and are exercising caution, other investors might benefit from staying their hand as well.

This might be a hard thing to do, especially with so many amazing stocks available at such discounted prices. But even if you do invest, make sure it's in a company that you understand and has a reasonable chance of surviving the worst that's yet to come.

CATEGORY

1. Coronavirus
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