



Is Warren Buffett Past His Investing Prime?

Description

The COVID-19 pandemic is easily the latest black swan event of our time — the kind of event that creates a massive shock and sends either certain sectors or the entire stock market reeling as investors go into a frenzy. In the last black swan event, the 2008 recession, Warren Buffett made intelligent moves to come out strong.

How has the owner of **Berkshire Hathaway** (NYSE:BRK-A) fared in 2020's market downturn due to the global health crisis? With Berkshire Hathaway shares down by 25% from the start of this year, has the [Oracle of Omaha finally lost his magic touch](#) in the stock market?

Not buying the dip

The stock declined significantly after Buffett sold his entire stake in the airline sector. His moves during the current economic downturn have been different from his typical approach of buying on the dip. Rather than purchasing stocks for lower valuations, Buffett is focusing on holding onto his capital.

Several significant investors with shares of Berkshire stock are cutting their losses as Buffett continues to pass up on opportunities. Apparently, the approach is to build up shareholder value somehow. However, Berkshire's portfolio has been underperforming the **S&P 500** several times in the last 10 years, including 2018 and 2019 consecutively.

Warren Buffett did enjoy some excellent years in the last decade, but the consistency with which he beats the market is no longer there.

Long-standing approach to investing

Buffett's approach to investing has been straightforward for a long time. He purchases the stock of excellent companies at a bargain and waits for the share prices to soar. Buffett has used this strategy successfully for a while, but there are opportunities that he has missed out on over the years.

The tech sector, for some reason, has been elusive when it comes to the cunning instinct of the Oracle of Omaha. Warren Buffett is famously known for avoiding the tech sector. His latest dabble with the tech sector was investing in the **Apple** stock four years ago.

While Buffett's investment has turned out to be profitable for him, he came to the party much later than what investors would expect.

A tech giant he missed

Buffett traditionally sticks to investing in stocks of sectors he understands, which is why he was so late with investing in Apple. However, Apple is not the only tech stock that he has missed out on. **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) has been one of the top performers that the stock market has ever seen.

Since its IPO, Shopify is up more than 2,900%. The stock has delivered returns unlike any other stock has before it, and Buffett's exclusion of the [biggest growth stock](#) from his portfolio has led to Berkshire underperforming the broader market for several years.

Despite the broader market pullback due to the pandemic, Shopify has gone well past the \$1,000 mark and continues to climb. The Ottawa-based tech company has climbed by almost 100% since the start of January 2020 alone.

With the global health crisis increasing the rate of digital migration for shoppers around the world, the business can only get better for Shopify moving forward.

Foolish takeaway

Has Warren Buffett lost his magic touch? I wouldn't dare to disrespect him by saying that he has. However, I do feel that he should not have missed out on Shopify due to its immense potential for returns.

Even now, Shopify has substantial room to grow through the 2020s. While it may be an expensive addition to your portfolio, Shopify could be worth your investment.

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