



Warren Buffett: The Journey From Buying to Selling

Description

After a quiet couple of months during the pandemic-driven market crash, the first real news about what Warren Buffett and **Berkshire Hathaway** were doing came on May 2. In the annual meeting, the Wizard of Omaha revealed his move about the airlines. But that was only part of the picture. The full picture became clear a few days ago when on May 15, Berkshire Hathaway released its quarterly filings.

It looks like that the Oracle of Omaha isn't buying what this crash is selling: literally. In fact, his company lightened its stake in many of its substantial holdings. And it's not like the company needs the liquidity right now. It's already sitting on a huge cash pile, enough to make several sizeable investments and even a few acquisitions.

Warren Buffett is a staunch believer in long-term holding, but *only* as long as he believes that the businesses he has invested in stays good.

Emulating the guru

The takeaway for investors here shouldn't be to increase their liquidity, but many investors should reevaluate their portfolio. If you have invested in good companies and you still believe that they are good companies that are just being punished along with the broader market, then you might be okay.

But if you identify some failing businesses in your investment portfolio, you have a decision to make. If you are reasonably sure that the companies will go under, then maybe cutting your losses is a good idea. But if you think that the stock might recover when the market rallies, then wait for a better time to make changes in your portfolio.

Sticking to a good investment strategy and following the gurus is imperative, but in situations like these, you have to make the most financially savvy move possible. So even if you do identify some bad businesses lurking in your portfolio, don't just sell them on principle — wait for a better time to make amends.

Trust in banking?

Warren Buffett cutting his stake in **Goldman Sachs** by over 80%, is a decision that confused a lot of people. Banks have always been one of Buffett's favourite investments. While this move might make some Canadian investors wary about their own bank holdings, it shouldn't, especially if you have a stake in [the smallest](#) of the Big Six, **National Bank of Canada** ([TSX:NA](#)).

The national bank is a Dividend Aristocrat, just like the others in the Big Six, with a 10-year streak of increasing payouts. The bank also showed consistent growth in its market value since 2016 and was one of the most steadily growing stocks in the sector. One of the reasons to choose this stock is its exposure to the energy sector compared to others in the Big Six.

The energy sector is going through a tough time now, and many energy companies might default on their loans, putting National Bank in a relatively safe position. Currently, the stock is trading at \$51.38 per share; that's over 28% lower than its start-of-the-year value. The yield has gotten even juicier due to low valuation and currently stands at 5.48%.

Foolish takeaway

Warren Buffett might as well be [waiting for another](#), harder market crash to make use of his company's cash pile. Or he might only be interested in getting through these troubled times with as much liquidity as possible.

In either case, Canadian investors who are looking to profit from this crash might have to look into his past buys, because for now, the Wizard of Omaha is mostly about selling.

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