



## Essential Takeaways From Warren Buffett's Trades in 2020

### Description

The criticism against Warren Buffett is growing, as he missed out on one of the most epic rallies of all time. Despite sitting on a huge cash hoard, Warren Buffett-led **Berkshire Hathaway** (NYSE:BRK.A)(NYSE:BRK.B) did not act during the market crash in March.

He entirely sold stakes in airline stocks amid the pandemic-driven uncertainties. However, equities across the globe recovered almost fully in the subsequent four months, displaying one of the fastest recoveries on record.

### Warren Buffett in 2020

Disciplined investing goes a long way, and who else could be the best example for it other than Warren Buffett?

He has been on a lookout for an “elephant-sized transaction” for the last few years. Berkshire had more than \$135 billion in cash when markets fell 30% in March 2020. Notably, the sheer magnitude of the cash pile did not jeopardize his investing ethos during the epic crash.

Many would think now that stocks have recovered and, thus, Buffett is the biggest money loser of 2020.

However, he is a long-term investor, and he may be seeing a bigger storm coming. Don't judge him on months of underperformance. His lucrative acquisitions and value stock picks have created massive wealth for the company in the last more than five decades.

It should be noted that Berkshire Hathaway has largely underperformed during the bull markets but beat during the downturns in the very long term.

### Buffett's defensive moves

The Oracle of Omaha, who will turn 90 this month, continued to load up on defensives this year.

Berkshire Hathaway [bought](#) **Dominion Energy's** natural gas assets worth \$10 billion last month. His low-risk, stable, return-generating bets underline his view of a looming weakness.

Apart from Buffett's bearishness, Berkshire's cash hoard will also act as a much-needed cushion to his successor in case of an economic downturn.

Late last year, Berkshire Hathaway sold **Apple** shares and grew his stake in Canadian energy giant **Suncor Energy**. The move dug a deep hole in its investment portfolio. So far this year, shares of the iPhone maker have soared 50%, while Suncor stock has fallen approximately by the same percentage.

## Berkshire Hathaway buyback

Berkshire Hathaway reported that it [bought](#) its own stock worth \$5.1 billion in the second quarter — yet another defensive move of 2020. This was the largest buyback by the investing conglomerate on record.

It indicates that the stock could be a good deal for investors, and is available at an attractive valuation.

## Warren Buffett and gold

Apart from equities, the last few months were overshadowed by an unprecedented rally of gold. Warren Buffett pays no heed to the bullion, as he thinks equities outperform the yellow metal over the long term.

However, gold is a classic hedge against bear markets. Investors should allocate at least some portion of their portfolio to it. Just like stocks, the traditional safe haven gold has proved Buffett wrong this year and has soared 30% in the last 12 months.

His lessons to the investment community have really been invaluable all these years. It is still too soon to tell if Warren Buffett is an underperformer in 2020. But interestingly, he will certainly come out on top with that cash pile if the market crashes again.

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