



Warren Buffett: The 2-Minute Penalty Is Over

Description

Warren Buffett was criticized a lot for not doing the one thing he typically does during market crashes: buy good businesses at bargain prices. He stayed on the sidelines as a brutal game raged on out on the ice. But now the two-minute penalty is over, and he is out to play.

Technically, he didn't spend the whole market crash time doing nothing. He did prune his portfolio, and that meant dumping his airline stakes and sustaining billions in losses. That showed the world that Buffett isn't afraid to rectify his mistakes, no matter the cost. But his recent moves might be a better indicator of things to come.

Buffett's recent buys

Warren Buffett's most significant current move was **Dominion Energy**. He spent nearly US\$10 billion buying a stake in the company's natural gas units and a pipeline. The buys solidified **Berkshire Hathaway's** energy dominance, and it also showed that world that despite everyone turning towards a greener future, Buffett is still betting gas to be relevant and profitable for decades.

His other significant buy was increasing his bank position. He got the SEC approval to push past the usual bank owning limit, and as soon as he got the green light, he bought more of **Bank of America**. Buffett's love for banks is no secret. It's one of the business he claims he understands, and that's one of the things he preaches: buy what you know.

Another critical move was regarding his own company. He bought back almost \$5.1 billion of Berkshire Hathaway. Though he has always been clear about wanting to buy back more of his company and create more equity for the current shareholders, this amount is almost unprecedented.

Your turn to goal

While Buffett is active now, you could have been active during the crash and bought amazing companies at rock-bottom prices. But even if you didn't, there might still be time to buy good stocks at

bargain prices. [One such stock](#) is **National Bank of Canada** ([TSX:NA](#)), which is very similar to Buffett's bank move. And even though NA's growth in the past five years cannot rival Bank of America's growth, it does come ahead of the Big Five.

National Bank has shown amazing growth in the five years leading up to the pandemic driven crash in March, and even though it still hasn't fully recovered from it yet, it's growing at a decent enough pace. Soon, it will reach its pre-pandemic levels (if another market crash doesn't hit). One benefit of that low valuation is the juicy yield of 4.3% that you get if you buy into the bank now.

Foolish takeaway

Buying a bank that's not in the Big Five doesn't mean that you don't get to enjoy the strength that's inherent to the Canadian banking sector. National Bank of Canada is one formidable security, and as Buffett has proven time and time again, [banks are usually](#) good investments. But if you believe that another crash is coming, you can wait for another crash to buy.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

TICKERS GLOBAL

1. TSX:NA (National Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

Date

2025/09/07

Date Created

2020/08/19

Author

adamohtman

default watermark