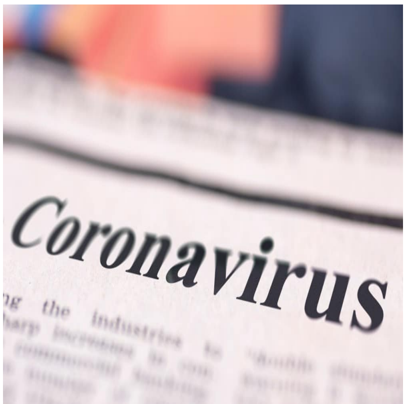

Warren Buffett Dumps COVID Beta for Gold and Grocers: Here's a Canadian Stock to Follow Him!

Description

Warren Buffett is still proceeding in this pandemic-plagued market with caution. Earlier this year, Buffett sounded sombre in **Berkshire Hathaway's** annual shareholders' meeting, and many months later, the man is still selectively placing his bets across lower beta areas of the market.

With the U.S. indices recently roaring above pre-pandemic highs, there's no doubt that the Oracle of Omaha looks foolish (that's a lower-case *f*, folks!), having mostly sat on his hands before the unprecedented rebound off those March lows. As a truly long-term investor, he's more than willing to continue exhibiting patience, even if he runs the risk of looking like he's lost his edge over the near term.

Warren Buffett's dumping of COVID beta for gold and grocers in **Barrick Gold** and **Kroger** may suggest he's running scared amid this crisis, with ominous expectations for what happens to the economy next.

Warren Buffett is getting ready for anything!

Given Berkshire's exposure to hard-hit industries (think its full ownership of Precision Cast Parts), Buffett's excessive caution may be more of a sign that he's de-risking his portfolio to be better prepared for any possible outcome.

We don't know the endgame with this pandemic. Still, Buffett is trying to set up a scenario that allows him and Berkshire to win under any situation, even if it means forgoing significant short-term gains in the current relief rally. And if you're an investor looking to outperform over the long run given the full range of outcomes, and not a speculator just trying to make a quick buck, you may want to make sure your portfolio is balanced and sufficiently de-risked such that you don't depend on the timely elimination of the coronavirus.

Consider scooping up a company like **Goodfood Market** (TSX:FOOD), a grocery and tech play rolled into one. The stock has a -0.02 beta, making it more likely to zig when this pandemic-plagued market zags.

You've probably heard about the hit meal kit sensation over the past few years. The company has supposedly captured an estimated 40-45% of the Canadian meal-kit market as of last August. What you may not have known is that the name has quietly traded on the TSX Index for many years. Shares of the meal-kit giant have finally begun to attract the attention of Mainstreet, as the company rode high on pandemic tailwinds to hit profitability for the first time in the company's history.

The stock is up nearly 300% from its March 2020 lows, a time I'd urged investors to buy the stock, but is still ridiculously cheap given the magnitude of growth it's capable of and the fact that it's a solid hedge against a lengthening of this pandemic. Shares currently trade at 1.9 times sales, a depressed multiple that seems to suggest investors are skeptical of the firm's ability to retain subscribers that it won over amid the pandemic.

Foolish takeaway

While some post-pandemic churn is expected, it'd be foolish to underestimate the company's ever-improving value proposition and its ability to entice "paused" subscribers to resume their subscriptions. At under two times sales, I'd say the price of admission is unjustifiably low, making the Canadian meal-kit king a solid buy for those looking to follow Warren Buffett by lowering their COVID beta.

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