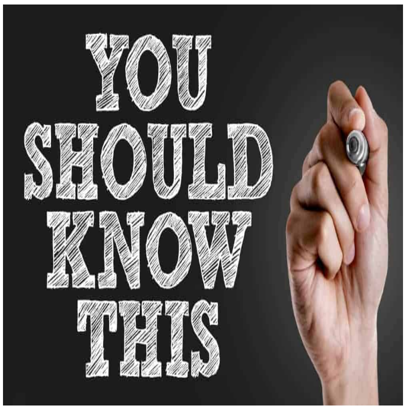

Warren Buffett: Get Ready for the Perfect Storm

Description

The latest investment moves by Warren Buffett are nothing short of terrifying.

The man placed a big bet on **Barrick Gold** and grocers; he threw in the towel across his entire position in the U.S. airlines as he trimmed his bank exposure, all while **Berkshire Hathaway**'s cash hoard continues to swell in size. The man mostly sat on his hands when stocks tumbled back in February and March. And Berkshire's annual shareholders' meeting had a rather sombre tone to it, with Warren Buffett, and no Charlie Munger by his side, running through slides that flashed back to the days of the Great Depression.

Warren Buffett is ready for the perfect storm

Indeed, it appears that Buffett is preparing for the perfect storm in the form of a stock market crash that could wipe out a considerable amount of the gains posted over the last several months. And while it is wise to pay attention to the moves of Warren Buffett, should investors be worried about a market reversal, given the U.S. Fed has our backs as investors?

While Warren Buffett tends to give invaluable clues to investors for where the best top-down opportunities may lie at any given instance, investors should take Buffett's latest moves with a fine grain of salt.

Why?

Your portfolio isn't the same as Warren Buffett's. Through Berkshire, Buffett is quite heavily exposed to the COVID-19 impact. Many of Berkshire's businesses have been feeling the full force of the COVID-19 impact. Moreover, Buffett's portfolio got blindsided by the pandemic.

Bringing the portfolio into balance

The COVID-19 crisis has been rather unkind to the financials and travel industries, both of which

Warren Buffett was heavily exposed to, either through Berkshire's insurance businesses or his bank-heavy portfolio of publicly traded stocks. So, Buffett's decision to de-risk his portfolio, swapping air travel and banks for gold miners, grocers, and lowly-correlated Japanese trading companies should come as no surprise to investors.

Heck, your portfolio may have steered clear of the COVID-19 crisis if you had a minimal weighting across sectors that were hit hardest by the pandemic. And if that's the case, you shouldn't feel the need to follow in Warren Buffett's footsteps by de-risking.

You see, COVID-hit stocks serve a vital role in a portfolio. The pandemic isn't going to last forever. Once it ends, it'll be 2020's biggest losers that could come soaring back, as the 2020 winners look to take a backseat. After Warren Buffett's latest risk-off moves, his portfolio is looking better balanced given the slate of risks brought forth by COVID-19.

While it may seem like Buffett thinks the pandemic could last forever, it's important to remember that through Berkshire, he owns many COVID-hit businesses such as *Precision Cartparts* entirely.

Foolish takeaway

Warren Buffett is merely preparing his portfolio for whatever ends up happening next. Today, his investments are better balanced, regardless of what the pandemic has in store next. If you've got a balanced barbell portfolio of Canadian stocks that stand to win, irrespective of when the pandemic concludes, then you're in a good spot and shouldn't feel the need to rotate out of stocks and into cash and gold.

Does Warren Buffett think the perfect storm is coming?

I'm not too sure. Regardless, he's ready for *anything*. And you should be, too!

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joefrenette