



Warren Buffett: Adapt to Survive

Description

It takes great moral courage to stick to your values, especially when most of your peers are advising otherwise. But it takes even more courage to break your old habits and adapt to survive. It's ironic that one of the few people who actually has enough resources and that can *afford* to be stubborn and stick to their old values and ideas instead of adopting new ones is adapting to new ways.

Warren Buffett has made many unusual investments after the 2020's market crash. He bought gold after a lifetime of advocating against the metal's utility as a long-term holding. He also participated in an IPO — a tech IPO, nonetheless — after decades of avoiding this particular avenue. Buffett is known to venture outside the U.S. and invest in foreign businesses, but he also topped his previous records by investing \$7 billion in Japanese stocks.

Some of these moves are against Buffett's track record and his investment philosophy, and they show that he is adapting.

What can investors learn?

The lesson here is simple: if you make a wrong decision, don't cling to it, like Buffett with the airlines. After decades of avoiding the business, he finally started investing in airlines a few years back. But as the pandemic shook that sector to its very core, Buffett dumped the companies and admitted that he was wrong to invest in them in the first place.

His decision to buy into a gold company might have to do more than just the metal itself. Many of these decisions are coming not directly from Buffett himself but from other significant players in **Berkshire Hathaway**. And Buffett's acceptance of these decisions indicates that he is letting the company evolve. That includes Berkshire Hathaway's upcoming \$600 million investment in **Scripps**, which would allow it to buy the ION Media.

It always [pays to adapt](#) to new realities and adjust your investment strategies accordingly. This is something that all investors should learn.

Invest in media

If you want to invest in media as well, like Buffett is doing now, **Quebecor** ([TSX:QBR.B](#)) might be an excellent option to consider. The \$8.37 billion media and telecom company operates primarily in Quebec. The company's telecom business produces most of the revenue, and the media section's cash flows vary a lot from quarter to quarter.

Unlike the three telecom giants, which saw revenues go down in the second quarter of 2020, Quebecor increased its net income. The company has recently been included in the [list of aristocrats](#), and it's increasing its dividends at a wild pace. From \$0.01 per share payouts in 2016, the company grew its dividends to \$0.2 per share in 2020 — a straight 20 times growth. The yield is not very attractive.

Quebecor is a decent growth stock. Its 10-year CAGR (dividend adjusted) comes out to about 15.7%. Even in the worst part of the crash, the share price barely fell 20% from its pre-pandemic high, and it was quick to recover.

Foolish takeaway

It's important to understand that adapting to change doesn't mean letting go of your fundamental values. If you are a long-term investor, you don't have to become a trader all of a sudden. You would look at businesses the same way. The major change in how you invest should be in the range of sectors and industries you are considering. But remember, don't invest in something you don't understand.

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