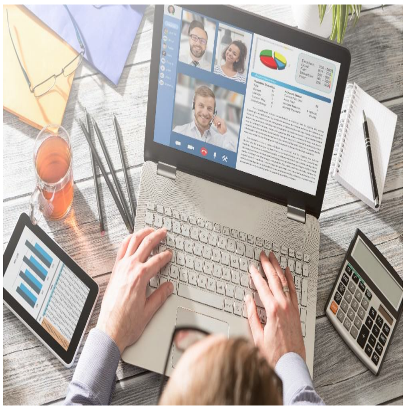

Warren Buffett’s Tech IPO Already Made Him $1 Billion Richer

Description

The pandemic somehow changed the demeanour of Warren Buffett in 2020. When COVID-19 hit, the GOAT of investing ditched companies affected by shutdowns. His mojo returned in the third quarter, but some of the investing moves were surprising.

Buffett has avoided tech stocks for years, more so if it’s an initial public offering (IPO). One out of character investment is a position in **Snowflake.** His conglomerate, **Berkshire Hathaway**, bought 6.1 million shares (US$735 million) when the American cloud-data platform went public on September 16, 2020.

On October 23, 2020, Berkshire was riding high on a $1 billion gain for participating in the tech startup’s IPO. Snowflake shares surged 18% in two days and closed at a record high. As of this writing, tech stock is trading 108.35% over its IPO price of $120.

Changing preferences

Snowflake was not the only puzzling move of Buffett in 2020, however. He’s not a gold fan, yet he picked up Canadian miner **Barrick Gold** and ditched fast-food chain operator **Restaurant Brands International**. **Suncor Energy** is sinking, but Berkshire Hathaway added more shares of the oil bellwether.

Buffett also went for “sogo shoshas” in Japan or large companies that trade a wide range of products and materials. Berkshire Hathaway now has up to 9.9% stake in each of the country’s five largest trading companies. Mitsui, a sogo shosha, plans to collaborate with Berkshire to expand its Asia healthcare business.

Apple, Bank of America, Coca-Cola, American Express, and Kraft Heinz compose 78% of Berkshire’s total stock portfolio. Only two are Canadian companies, as mentioned above. Buffett’s company has spent at least US$18.5 billion during the third quarter, including Snowflake’s stake.

Making hay while the sun shines

As we enter November 2020, the information technology sector rules the **TSX** with its 30.19% year-to-date gain. Meanwhile, the index is losing by 8.69%. For individual stocks, **Real Matters** (TSX:REAL) is making hay while the sun shines. Current investors are enjoying an 88.88% return thus far this year.

The $1.96 billion network management services provider for mortgages and insurance is benefiting from the low-interest-rate environment. It performs mortgage residential mortgage appraisals in the mortgage lending industry. The purchase, refinancing, and home equity transactions are mostly from the U.S. (90% of revenues). Other services include title and closing, as well as insurance inspection.

Mortgage lenders and title insurance agencies subscribe to Real Matters' software platform under the Solidifi brand. The majority of the top 100 U.S. lenders and some of the insurance industry's big names are the company's partners. Refinancing volumes should remain high as long as the U.S. Federal Reserve maintains low interest rates.

Long runway for growth

Despite his changing preferences, Warren Buffett is not timing the market because he avoids getting burned. The Oracle of Omaha earned a massive windfall from Snowflake's IPO, and his recent moves indicate he's looking for new kinds of opportunities.

There are promising tech stocks across the border like Real Matters that could deliver massive gains to would-be investors. The annual growth estimate for the next five years is 56%, while analysts' price target is $30.03 or a 29% jump from its current price of $23.27. Real Matters offers a long runway for growth.

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