



Warren Buffett: Key Takeaways From His Latest Investment Bets

Description

The legendary investor Warren Buffett continued to amaze markets with his uncharacteristic investment bets this year. While Buffett-led **Berkshire Hathaway** (NYSE:BRK.A)(NYSE:BRK.B) was a net buyer in the third quarter, it's interesting to know that it is still playing defensive.

Warren Buffett: Berkshire Hathaway plays safe

Institutional investors reveal their stock positions through 13F filings after 45 days from the quarter's end. Berkshire Hathaway's 13F filing is undeniably one of the biggest events across the streets, and this time, it was all the more special.

Surprisingly, the world's famed investor Warren Buffett did not purchase during the epic COVID-19 crash in March 2020. However, he has been buying big for the last couple of quarters.

Berkshire Hathaway bet big on pharma stocks while it got rid of the majority of U.S. banking stocks in Q3. It [poured](#) in more than US\$1.8 billion in each of the U.S. pharma plays like **AbbVie**, **Merck & Co.**, and **Bristol Myers Squibb** during Q3 2020. Berkshire Hathaway also initiated a new position in **Pfizer** that valued around US\$136 million.

Its entry into pharma stocks may not necessarily suggest its play in the vaccine race. However, the investing conglomerate could be seeing them as relatively safer recovery bets in the post-pandemic environment.

Berkshire Hathaway trims Barrick Gold

Berkshire Hathaway dumped more than 40% of its stake in Canadian miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). It was quite surprising when Warren Buffett initiated a gold miner position in Q2 2020. Barrick Gold doubled its earnings in 2020 than last year, as the yellow metal rose to new heights. The stock has gained more than 40% this year.

At the end of the third quarter, Berkshire held 12 million shares of Barrick Gold, valued at close to US\$337 million. Warren Buffett deputies Todd Combs or Ted Weschler could be behind the gold miner bet given the shorter investment duration.

Berkshire Hathaway maintains Suncor Energy

Canadian integrated energy giant **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is the only energy company in Berkshire Hathaway's US\$245 billion investment portfolio. It maintained a position with 19.2 million shares during Q3 2020. Suncor is among the most beaten-down stocks in his portfolio and has lost more than 50% so far this year. The stock's [discounted valuation](#) and reliable dividends make it an attractive bet for Warren Buffett-like investors.

Berkshire Hathaway trimmed its position in **Apple** — its biggest holding, by nearly 3.6% during the third quarter.

The cash pile continues to swell

Warren Buffett has been long waiting for an “elephant-sized” acquisition, which would move the needle for the company. However, the deal never materialized because of lesser buyout opportunities amid overvalued markets. That's why Berkshire Hathaway's cash pile has swelled close to US\$150 billion this year.

One company that Mr. Buffett has consistently bought this year, though, is his own Berkshire Hathaway. The investing firm bought back US\$9 billion worth of its own stock during Q3, taking the total buyback amount almost to US\$16 billion this year.

Interestingly, the recent filings and his net buyer position suggest that the Oracle of Omaha is not expecting markets to crash. Rather, his increased position in **Bank of America** and the status quo in Suncor Energy hint otherwise.

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