Warren Buffett: The Storm Is Coming

Description

Warren Buffett has been a guiding light for investors for decades. Last week, I'd discussed some Buffett-inspired tips for Canadians to consider after the United States presidential election. Chatter over the election is giving way to the COVID-19 pandemic, as countries across the Western world are ramping up restrictions. The last time we entered a phase of lockdowns, the market suffered a sharp downturn. What can we glean from Warren Buffett's latest moves in this uncertain environment? Let's dive in.

Warren Buffett: What do his recent moves tell us?

In its third quarter results, Warren Buffett's company **Berkshire Hathaway** divulged new investments in top vaccine makers. These included **Merck & Co.** and **Pfizer**. Last week, Pfizer made waves in the market after it announced that its vaccine candidate had achieved 90% effectiveness to date. **Moderna**, another company in the vaccine race, released data for a vaccine with almost 95% effectiveness in held trials. This is very encouraging, but we have a tough road ahead in the near term.

While Warren Buffett has added to his stake in the vaccine race, he has started to distance himself from top banks. Berkshire cut stakes in **Wells Fargo** and **JPMorgan Chase** in its most recent quarter.

How can Canadians emulate the Oracle of Omaha?

Canada does not boast a publicly listed healthcare company that is racing to produce what will almost certainly turn out to be the most lucrative vaccine in history. However, there are still exciting TSX stocks in the healthcare space that have surged during this crisis. Canadians looking to emulate Warren Buffett should consider these stocks today.

WELL Health Technologies (TSX:WELL) owns and operates a portfolio of primary healthcare facilities. Its shares have soared 368% in 2020 as of close on November 16. The stock is up nearly 430% year over year. Conditions that have emerged due to the pandemic have led to record results for WELL Health. This is due to its investment in telehealth.

Telehealth is the use of digital information and communication technologies to access healthcare services remotely. This has been an invaluable development, as hospitals have been overburdened during the devastating pandemic. WELL Health is a very smart add for investors looking to invest for the long term.

Those looking to study Warren Buffett's moves should not stop there. **VieMed Healthcare** (TSX:VMD)(NASDAQ:VMD) is another healthcare stock that has gathered momentum during the pandemic. This company provides in-home durable medical equipment and health care solutions to its patients. Crucially, it is a supplier of in-home ventilators. It has offered its hand in support as ventilators have been in demand during the pandemic. COVID-19 is, after all, a highly contagious respiratory illness.

Shares of VieMed have climbed 39% so far this year. The stock is up 29% year over year. Management is confident that the pandemic will continue to have a positive impact on its revenues, as it lends support to its partners in need.

One more Warren Buffett tip to consider

Pandemic or not, Canadians should look to follow Warren Buffett's value investing model, as we wrestle with potential volatility. Buffett has been critical of gold as an investment vehicle, but that strategy drove Berkshire to invest in **Barrick Gold** earlier this year.

Top Canadian bank stocks like **Royal Bank** and **TD Bank** are set to release Q4 earnings in the next few weeks. They offer solid value, but I prefer a dividend stock like **Genworth MI Canada** (TSX:MIC) right now. The Canadian housing market has been spectacularly robust in the face of this crisis. Genworth is the largest private residential insurer in Canada.

Shares of Genworth have dropped 11% in 2020. However, the stock has climbed 27% month over month. It saw net operating income and transactional premiums surge from the prior year in its recent Q3 2020 results. This is largely due to surging home sales across Canada. Genworth stock possesses an attractive price-to-earnings ratio of nine and a price-to-book value of one. Better yet, it offers a quarterly dividend of $0.54 per share. That represents a solid 4.9% yield.

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