



## Warren Buffett: Sell Gold and Buy Healthcare Stocks

### Description

Warren Buffett has captured the attention of investors for decades due to his legendary success and longevity. The COVID-19 pandemic struck fear into the hearts of people all over the world in the late winter and early spring of 2020. Ever the optimist, Warren Buffett reiterated his faith in the long-term economic future of the United States. The months that have followed have plunged North America and the rest of the global economy into the most devastating economic period since the Great Depression.

Today, I want to discuss what Buffett is buying and selling. Should you look to follow his lead? Let's dive in.

## Warren Buffett: Why he dumped this top gold stock in the third quarter

Warren Buffett floored many of his followers when his company, **Berkshire Hathaway**, made a \$500 million bet on **Barrick Gold** in the summer. At the time, the yellow metal had been on a tear and was rattling off all-time highs. Top gold producers like Barrick Gold were reaping the rewards of this bull run. However, gold's momentum has tapered off in the fall.

Berkshire Hathaway released its third-quarter 2020 results in early November. In Q3 2020, [Berkshire shed 42% of its stake](#) in Barrick Gold. Barrick Gold stock has dropped 13% month over month. This is a quick retreat for Buffett. We saw a similar move in the first half of 2020. Buffett made a contrarian bet on airliners but quickly withdrew when the severity of the COVID-19 crisis became more apparent.

## What is the Oracle of Omaha buying right now?

The third quarter for Berkshire also showed us that Warren Buffett was making a big play for Big Pharma. This should come as no surprise. The vaccine race has caught the attention of the broader market. Indeed, the financial future of entire sectors of the economy are hinging on the success or failure of these vaccine candidates. Warren Buffett added to his stake in **Merck**, **Pfizer**, and **Bristol Myers Squibb**.

Earlier this month, I'd discussed the [limited options](#) for Canadians who were looking for exposure to vaccine-linked stocks on the TSX. Fortunately, there are healthcare-focused stocks that have thrived in the face of this pandemic. These are the equities that Canadian investors should be targeting today.

## Two TSX stocks to target to emulate Warren Buffett

**Jamieson Wellness** ([TSX:JWEL](#)) is a Toronto-based company that develops, manufactures, distributes, sells, and markets natural health products in Canada and around the world. Though its status as a healthcare stock can be disputed, this company has seen a boost to its sales due to increased health conscientiousness around the world. In Q3 2020, Jamieson reported revenue growth of 19.2% to \$105.6 million. Adjusted EBITDA grew 18.2% to \$22.9 million.

While it may not draw an immediate comparison to Warren Buffett's bet on Big Pharma, a bet on Jamieson is a bet on health awareness across the globe. The company delivered 9.5% growth in domestic Jamieson Brands in the third quarter and a staggering 82% growth for its international division. Shares of Jamieson have fallen 14% month over month. Its stock last had an RSI of 33, which puts it just outside technically oversold territory.

**VieMed Healthcare** ([TSX:VMD](#))([NASDAQ:VMD](#)) is a company that specializes with in-home durable medical equipment. It emerged as a player during this pandemic, as it supplies ventilators and boasts expertise in treating respiratory illnesses. In Q3 2020, the company estimated that the pandemic would boost revenues by roughly \$5 million to \$6 million for the fourth quarter. VieMed saw adjusted EBITDA increase 58% year over year to \$7.7 million in the third quarter.

Shares of VieMed have dropped 19% over the past three months. The stock is still up 47% for the year, but now may be a good opportunity to add on the dip. Its stock last had a favourable price-to-earnings ratio of 13. This means it also fits within Warren Buffett's value investing framework.

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