



Warren Buffett: Sell Gold and Buy THIS Instead!

Description

Earlier this year, Warren Buffett made a foray into gold, buying **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) shares in the second quarter. The move shocked many at the time, as Buffett wasn't known for being a fan of precious metals.

Now, it looks like Buffett may be going back to his old ways. In the third quarter, the Oracle of Omaha" shed nine million ABX shares, almost 50% of his position. Going by the timing, it looks like Buffett may have cashed out of Barrick Gold at a substantial gain. The stock was trading in the \$20-\$25 range for most of the second quarter, and was well into the \$30 range in the third

Of course, Buffett still holds ABX stock [worth about \\$337 million](#). But he's moving on to greener pastures. After selling 40% of his Barrick Gold stake, Buffett loaded up on something else. An entirely different type of stock that has been rallying this year. This is one investment that could rally when COVID-19 vaccines are rolled out. And it could have a bright future long after that.

So what is this new investment Buffett's into, and why is he such a big fan?

Pharma stocks

In the third quarter, Warren Buffett loaded up on pharma stocks like **Pfizer** and **Johnson and Johnson**. The move came shortly before Pfizer's COVID-19 vaccine was announced. It's possible that Buffett was looking to capitalize on the bounce that pharma stocks are sure to get when their vaccines are rolled out. But it's not guaranteed.

Buffett has held pharma stocks for a long time. Johnson and Johnson is a mainstay of his portfolio, and he's held others before. But in the third quarter, he initiated brand new positions, indicating that his confidence in pharma has grown even greater.

A Canadian pharma company that's doing well

When you think about pharma stocks, the big American companies just mentioned are probably the first things that come to mind. It's true, most of the big players in the space are American. But there are some Canadian pharma stocks that have been soaring this year too.

Consider **Viemed Healthcare** ([TSX:VMD](#))([NASDAQ:VMD](#)), for example. It's a Canadian pharma company that has risen 52% in the markets so far this year. The company is not part of the COVID-19 vaccine race. In fact, it's more of an equipment company than a maker of chemical "medications."

Still, it's a pharma stock in the broadest sense of the term — and boy is it doing well. In the second quarter, it [grew EPS from \\$0.23 to \\$0.75](#). It also increased its EBIT margin from 11% to 15%. In the third quarter, net revenues soared 22%. Adjusted EBITDA was up 138% for the nine months reported on so far this year.

Despite these solid growth figures, the stock has a modest valuation, trading at just four times sales and 17 times trailing earnings. A solid combination of growth and value in one package, it's one pharma stock that's definitely worth looking into. Who knows, maybe Warren Buffett himself will buy it some day.

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3. TSX:ABX (Barrick Mining)
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