



Warren Buffett's Shockingly Successful Tech IPO Buy Is Up 200% in 3 Months

Description

Berkshire Hathaway lost US\$47.9 billion in the first quarter of 2020, and it appears imperative for the company to recover — and fast. The opportunity came in September this year with the Initial Public Offering (IPO) of an American cloud-data platform company.

Warren Buffett avoided technology companies for most of his investing career because of profitability issues. However, his conglomerate bought millions of shares of **Snowflake** totalling US\$735 million. The [investment value](#) tripled in less than three months, resulting in paper profits of nearly \$1.4 billion.

Timely investment

Despite his reluctance to invest in tech upstarts and an IPO at that, Warren Buffett did it again. The GOAT of investing adds another feather to his cap. His second-in-command, Charlie Munger, said about the investment, “Technology is a killer as well as an [opportunity](#).”

Buffett's portfolio managers seem to have influenced the decision to invest in Snowflake. The pitch of the IPO proponent was simple – cloud computing is 100% essential in today's world. With Snowflake's cloud-data platform, cloud companies can break down silos in data collected in the cloud.

High-profile investor base

Snowflake attracted high-profile investors, including Warren Buffett, due to the investment thesis. If companies have better access to data-driven information, management can make decisions faster, resulting in better financials.

After soaring 111.6% on its market debut on September 16, 2020, Snowflake shares continue to rise. As of December 14, 2020, the stock price stands at \$329.15. Berkshire Hathaway purchased the IPO at \$120 per share. Snowflake is now one of Buffett's best performers, if not the best, in his 2020 stock portfolio.

Across the border, Berkshire owns a pair of Canadian stocks. The company sold its entire holdings in **Restaurant Brands International** and replaced it with **Barrick Gold**. It was the first time that Buffett took a position in a gold stock. **Suncor Energy** remains in the portfolio despite the underperformance in 2020.

Canada's blockbuster tech IPO

In the **TSX**, the largest tech IPO was happening when Berkshire participated in Snowflake's debut in the U.S. stock market. **Nuvei Corporation** ([TSX:NVEI](#)) raised US\$883 million on its trading debut on September 18, 2020, making it a blockbuster IPO.

Nuvei's IPO price was \$26, but closed at \$46.15 or 78% higher on opening day. As of December 14, 2020, the stock trades at \$65.80, representing a 153% gain from its IPO price. Analysts see the Montreal-based payment processing firm as the next tech darling in Canada. The market debutant has a market capitalization of \$9.09 billion.

Nuvei's CEO Philip Faye, has little concern about COVID-19 weighing down on the business. He's confident the technology sector will continue to be resilient despite the crisis. In 2019, the company had 50,000 customers, processed \$35 billion in payments, and reported \$245.8 million in revenues.

Fayer said the company is still on the ground floor despite the very successful IPO. Tailwinds are present in a wide range of industries such as online retail and online gambling. Investors should watch out for Nuvei in 2021.

Tech winners

Warren Buffett is pleased with the billion-dollar gain from his tech IPO in the U.S. Perhaps he should look into Canada's tech sector next and invest in tech winners.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:NVEI (Nuvei Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/07/22

Date Created

2020/12/18

Author

cliew

default watermark

default watermark