



Warren Buffett: Here's How to Strike it Rich in 2021

Description

Investors looked to Warren Buffett for guidance when the COVID-19 pandemic first rattled markets in early 2020. Buffett's long-term success have made him a legend in this field. Today, I want to discuss how investors can look to follow in the footsteps of the Oracle of Omaha to generate their own investing success in this new year. Let's dive in.

Warren Buffett: Buy healthcare stocks to start 2021

In the final weeks of 2020, I'd discussed stocks Warren Buffett was [buying and selling](#) to close out the year. Historically, Buffett has not been enthusiastic about the pharmaceutical sector. However, the most recent quarter saw **Berkshire Hathaway** add significant stake in stocks like **Merck** and **Pfizer**. Buffett and other big investors are likely looking to cash in on the vaccine surge.

Canadian investors will need to look for other options on the TSX. **VieMed Healthcare** ([TSX:VMD](#))([NASDAQ:VMD](#)) thrived in 2020, largely on the back of momentum generated due to the pandemic. VieMed provides in-home durable medical equipment to its consumer base. It offers its expertise during the pandemic, supplying ventilators to public and private entities in the healthcare space.

In Q3 2020, the company stated that the pandemic would continue to have a positive impact on its revenue growth going forward. Shares of VieMed have dropped 12% month over month as of close on January 4. The stock possesses a favourable price-to-earnings ratio of 11. Now may be a good time to buy low on this enticing healthcare stock.

Trillium Therapeutics is another equity in the healthcare space that is worth your attention. It is a clinical-stage immuno-oncology company. Shares have soared over 990% year over year as of close on January 4. Biotherapeutics is one of the fastest-growing subsectors in the explosive healthcare space. This company offers nice potential and has posted significant revenue growth in successive quarters.

Should you jump back into gold?

Warren Buffett's company Berkshire Hathaway dumped over 40% of its stake in **Barrick Gold** in the third quarter of 2020. The Oracle's move into gold was surprising to begin with, as he has historically advocated against stashing gold in comparison to standard blue-chip stocks. Gold's big run in the first half of 2020 was impossible to ignore, even for Warren Buffett.

The yellow metal retreated into the summer and fall and has been outshone by the performance of another alternative asset — Bitcoin. However, the spot price of gold has climbed back above \$1,900/ounce to start 2021. Canadian investors may want to play contrarian to Buffett and consider adding gold miners like **Kinross** in January. Gold should continue to benefit from a weakening U.S. dollar.

One other way to emulate Warren Buffett today

Last month, I'd discussed some [warning signs](#) for the broader market. Warren Buffett's favourite indicator, which measures the combined market capitalizations of publicly traded stocks and divides it by a nation's gross domestic product (GDP), has hovered around all-time highs in recent weeks. The best way for investors to emulate Buffett in this environment is to pursue liquidity. Take profits in high-performing stocks and consider taking a more conservative angle in the weeks and months ahead.

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