



## Warren Buffett Made \$50 Billion From This Stock in 2020

### Description

As markets continue to rise, Warren Buffett is raking in the cash. As well, his holding firm, **Berkshire Hathaway** likely posted a \$50 billion profit in 2020 through a single stock.

This amazing stock is actually a rare bet. Buffett usually doesn't invest in companies like this. But right now, the position is worth around \$125 billion, nearly *half* of his entire equity portfolio.

### This is his top stock

Despite avoiding tech for decades, Buffett built a huge position in **Apple** over recent years.

"The famed investor's company plowed about \$35 billion into the iPhone maker between 2016 and 2018, securing a roughly 5.5% stake," *Business Insider* [reports](#).

Apple's stock price surged in 2020, delivering record gains for Buffett. "That would represent a \$50 billion gain on the holding in 12 months, and a roughly \$90 billion or 250% gain on its original wager," *Business Insider* concludes.

Apple, of course, is one of the world's largest providers of smartphone and computer hardware. But recently, it's made a huge push into software and services. This evolution is likely what has Buffett deeply invested.

In 2019, *Bloomberg* [revealed](#) that Apple is attempting its "biggest strategy change since the iPhone in 2007." That shift is turning the company into a software juggernaut. That comes with significantly higher profit margins, stickier revenue streams, and greater power over the end customer.

After all this time, the Oracle of Omaha is now a huge proponent of software stocks. There's one stock in particular that he could buy next.

## Buffett could buy this stock next

If software stocks are the future, look no further than **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). To be clear, this stock isn't starting from scratch. Its market cap exceeds \$100 billion, with shares delivering a 4,000% gain since 2015.

But these factors actually work *in favour* of attracting Buffett's attention. With such a massive portfolio, he can only take meaningful positions in businesses with large market caps. Shopify certainly fits the bill.

In fact, Shopify is much further along the software journey than Apple given that it was never involved with hardware in the first place. The company created an e-commerce platform to enable retailers to create their own digital shops in minutes, complete with inventory tracking, payment processing, and more.

Right now, **Amazon** controls a huge chunk of the digital retail market, but the majority of dollars are still spent elsewhere. Shopify owns the software that underpins those Amazon alternatives.

Buffett now understands the economic model of software businesses. They can grow faster and larger than nearly any hardware alternative. Buffett already owns Amazon stock, so he knows the space well. Expect him to pick up shares of Shopify, perhaps as early as this year.

## Don't stop here

Buffett already owns Amazon and Apple, and I suspect that he could own Shopify shares before the year is finished. But that's not the end of the line. Berkshire Hathaway is sitting on a record pile of cash, capital that will be deployed sooner rather than later.

Following Buffett is a shortcut to investing success, and right now, predicting his next move should prove profitable.

### CATEGORY

1. Bank Stocks
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
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