



Warren Buffett Unveiled 3 New Bets: What Do They Indicate?

Description

The Oracle of Omaha, [Warren Buffett](#), published an update on his portfolio this week. As always, these big moves should provide investors like us some signals about where the market is heading. It should also provide an update on what one of the world's most successful investor is thinking.

With that in mind, here's a deep dive into the latest filing and the three key themes that seem to be emerging in Buffett's portfolio.

Taking profits on tech

Buffett cut his **Apple** stake to a certain degree. The iPhone maker remains the largest holding in his portfolio. However, the fact that he's taking profits indicates that the tech market could be overvalued.

This could be a good time to analyze your tech holdings too. Canada's largest tech company, **Shopify**, forecast a slowdown in earnings growth this week. However, the stock still trades at 60 times sales per share. Like Buffett, it may be time for Shopify shareholders to take some profits here and reinvest them in greener pastures elsewhere.

Betting on oil

Buffett also declared a massive US\$4.1 billion stake in **Chevron** – an energy giant. Oil prices have been steadily rising over the past year. However, the price could really skyrocket in 2021 as the economy reopens and consumption resumes. Meanwhile, the ongoing weather disaster in Texas has blocked production and could spur oil prices higher.

Canada's oil stocks stand to benefit from these factors too. It may be a good time to consider Buffett's favorite Canadian oil company: **Suncor**.

Betting on healthcare

Ever since the first effective vaccine was announced, Buffett's team has been accumulating bets on pharmaceutical and healthcare stocks. Unsurprisingly, healthcare companies stand to benefit as the health crisis is resolved.

Canadian investors don't have many options here. None of Canada's pharma companies are anywhere near as large or noteworthy as the stocks in Buffett's portfolio. However, there are tangential options for investors who need exposure here. My top picks are telehealth challenger **WELL Health** and real estate investment trusts with medical properties.

Other bets

Buffett also invested in a telecom company and a professional services firm. I don't know enough about these two, so I can't comment. But they certainly deserve a closer look as well.

Bottom line

Following the moves of famous investors, sometimes called "coattail investing," is one of my favorite strategies. Successful investors have decades of experience and spend nearly all their time doing due diligence on stocks before buying them. Which is why their bets are based on high conviction and thorough research.

Warren Buffett, of course, is a class apart. Every move is a major signal for the global capital markets. His latest bets on energy and pharma, along with his profit-taking on tech stocks are noteworthy. Retail investors should take use these signals to re-evaluate their positions.

In short, consider adding healthcare stocks, mitigate your exposure to the tech sector and perhaps bargain hunt in the oil patch.

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Date

2025/07/23

Date Created

2021/02/18

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