



Warren Buffett: After Selling Apple, He's Buying Value

Description

One of the easiest ways to find value stocks is sticking close to Warren Buffett and **Berkshire Hathaway Inc.** (NYSE:BRK.A)(NYSE:BRK.B). If you're looking for value, see what the tycoon is buying this month.

Looking at what Buffett is selling can tell you a lot. That's why analysts flocked when Warren Buffett [sold](#) some of his stake in **Apple**. While this likely doesn't come down to the company itself, it mainly involves the overvaluation of the market at the moment.

With the fourth quarter underway, it's a great time to think like Warren Buffett and find value stocks set to get an earnings bump. But even better, to take that bump and use it as a long-term hold.

Warren Buffett: Selling high

It's actually a compliment to Apple stock when you think about it. The company has had several announcements this year that left investors excited enough to overvalue the stock once more. After a bit of a low point, Apple recently announced that it would be getting into the autonomous, electric vehicle (EV) business.

I probably don't have to tell you that EV stocks are hot right now, especially with people like Elon Musk leading the charge. But that was fed even more when President Joe Biden stated his administration would be putting billions towards green energy projects like EVs.

So, during **Berkshire Hathaway's** recent filings, the company sold about 60 million shares of Apple stock. It comes to the old adage, "buy low, sell high," and that's exactly what Warren Buffett did. The company still generates high returns on capital, has attractive margins and a great balance sheet along with solid free cash flow.

If you're looking to buy, there's not much to dislike about the company except for its price point. The company has a price-to-book ratio (P/B) of 31.1 times as of writing, with a price-to-earnings ratio (P/E) of 33.2 times, so this stock is still expensive. While it's likely to continue growing, it's also a great time to sell if you want that money for something else.

Buy low

So if you're looking to sell a stake, or simply sitting on some cash, it's a great time to look for [value](#) stocks. You can use the sold stake toward stocks that are still trading low, looking for a solid rebound.

A perfect option would be to consider **Alimentation Couche-Tard Inc** (TSX:ATD.B)(TSX:ATD.B). Granted, the company has had a rough year with the pandemic. Revenue continues to be below 2019 levels. But that's the problem: there's too much focus on the pandemic and not enough on a recovery.

The company has a strong balance sheet, and will certainly recover. In fact, it's expanding even amidst revenue drops! Alimentation recently expanded to Norway and Asia, adding even more locations to its wide list of retail and gas station locations.

Yet shares trade well below the all-time high of about \$48 per share. In fact, shares are still about 20% lower than all-time highs, which marks a 20% discount. Shares over time have come up 30% in the last five years, and a whopping 7,730% in the last 20 years! That's an incredible compound annual growth rate (CAGR) of 24% for investors looking for something solid long term.

Bottom line

The best news about Alimentation is it's exactly the kind of stock Warren Buffett would look for, with the means to explode post-pandemic. The company has set itself up for massive revenue growth. All that growth will continue to climb as the company keeps growing both organically and through acquisitions. While Alimentation stock may not have the name recognition of Apple, if you're looking for value, it's right there.

CATEGORY

1. Investing
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TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)

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