



Should You Avoid Tech Stocks?

Description

iPhone-maker **Apple** remains Warren Buffett's biggest single stock holding as of December 31, 2020 (42.2% of the total stock portfolio). However, market observers and [Buffett's loyal followers](#) noticed that **Berkshire Hathaway** reduced its position in Q4 2020. While the 6% reduction in stake doesn't indicate declining faith in the blue-chip asset, it could impact tech stocks.

Nick Colas, a co-founder of DataTrek Research, sees no tech bubble, but the elevated amount of capital flowing into tech stocks could lead to a quick, violent rotation. The pressure on Apple and big tech names could persist throughout 2021. Berkshire made sizable new stakes in **Chevron** and **Marsh & McLennan**, both non-tech stocks.

Shifting preference

The information technology sector in Canada was the runaway winner in 2020. In 2021, it ranks seventh (+3.57%) out of the top 10 performing sectors. The healthcare (+52.83%) and energy (+37.42%) sectors outperform last year's high flyers.

Nonetheless, the selloff in tech stocks opens excellent buying opportunities, especially for growth investors. The likes of **Absolute Software**, **BlackBerry**, and **WELL Health Technologies** could deliver superior returns in the future. **Shopify** is a solid choice, although the stock price is sky high already.

Goodfood Market and **Nuvei** are dark horses, because their growth potentials are visible. The same is true for **Docebo**, **Lightspeed POS**, and [Real Matters](#). If you review Buffett's 2021 stock portfolio, tech stocks comprise only 8.2% of the total. Besides Apple, Berkshire has stakes in **Amazon.com** and **Snowflake**.

Notably, the GOAT of investing had increased holdings in **T-Mobile** and **Verizon Communications**. It could be a sign he sees better opportunities for his money in telecom stocks over the next 12 months. Many investors will follow the lead of market influencers like Warren Buffett. He always finds the best use for his dollars.

Alternative to tech stocks

An earth-shaking development happened on the TSX recently involving telecommunications companies. Canada might soon see its second-biggest telecom after **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) offered to acquire **Shaw Communications**. The deal is worth \$26 billion, including debt. However, it could face rigid regulatory scrutiny. Rogers's share price rose 3.3% on March 15, 2021, while Shaw popped 41.6%.

Rogers's commitment is to invest \$2.5 billion in 5G networks across Western Canada over the next five years. Furthermore, the \$31.29 billion communications and media company will create a \$1 billion fund exclusively for rural, remote, and indigenous communities. People in these areas will gain access to high-speed internet service.

BCE is currently the largest telco, followed by **Telus**. Should the deal obtain regulatory approval, it would be the biggest deal in Canada's telecom industry. The surviving entity will likewise unseat Telus on the second spot. However, shareholders must approve the deal first.

The independent Competition Bureau of Canada will review the Rogers-Shaw merger after. Other reviewers include the Canadian Radio-television and Telecommunications Commission and the federal department of Innovation, Science, and Economic Development.

Joe Natale, Rogers's CEO, is confident the transaction will pass scrutiny and obtain approval from Canadian regulators. He sees no overlap between the respective cable and internet businesses. The deal could close by the first half of 2022.

Looking for fruitful investments

Warren Buffett believes in the brand power and competitive advantages of a company. He's not entirely ditching Apple but bringing his money to other sectors that could deliver exceptionally profitable returns.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:RCI.B (Rogers Communications Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date

2025/08/21

Date Created

2021/03/20

Author

cliew

default watermark

default watermark