

Warren Buffett: How He Got Richer While Other Billionaires Stumbled

Description

Warren Buffett got richer in January. In the same month that a tech stock crash reduced many billionaires' fortunes, Buffett actually grew his wealth by 3.5%. **Berkshire Hathaway** (NYSE:BRK-A)(NYSE:BRK-B) stock soared in January, so Buffett—who has 99% of his net worth in the stock—saw his net worth surge. Even after those gains, Buffett is still in a lower position on the billionaires list than he was 10 years ago, but if the tech crash resumes, he could start climbing up the ranks. Here's why.

Value stocks beat growth stocks in January

A big reason why Warren Buffett made so much money in January is because [value stocks](#) beat growth stocks in the period. In January, tech stocks crashed, but in the same period:

- Bank stocks barely moved
- Energy stocks rose
- Miscellaneous value sectors like utilities and retail fell less than tech stocks did

Berkshire Hathaway mainly invests in value stocks like the ones mentioned above. It does hold a sizeable position in **Apple**, but at 28 times earnings, AAPL is a comparative value play relative to the medium-cap growth names that drove January's losses. So, Buffett came out on top.

A classic Buffett play

If you're down on tech stocks and looking at Warren Buffett's January gains with envy, you're not alone. There are plenty of investors out there who got burned on growth stocks last month, and there's no telling when the next crash will happen. Many people thought that last month's crash was the start of a 2000-style bear market. After a string of positive earnings releases, that thesis has been called into question. But still, it wouldn't hurt to have some value plays in your portfolio, as they could provide a buffer against big losses.

One stock that used to be owned by Warren Buffett and that looks good in February is **Suncor Energy Inc** (TSX:SU)(NYSE:SU). It trades at just 1.3 times book value and around 13.4 times forward earnings. That kind of valuation gives Suncor a margin of safety. It trades at only 30% more than the value of its assets, net of debt. So investors enjoy a kind of buffer against market downturns. Additionally, the company's stock yields 4.5%, so it can add a lot of income to your portfolio.

Buffett actually sold Suncor recently, but it was reportedly due to ESG concerns, not financials. The company's most recent quarter was a huge win, with \$2.6 billion in adjusted funds from operations (a 160% increase), and [\\$877 million in net income](#). In the same quarter a year before, net income was negative. It was a solid quarter for Suncor. And today, with oil prices at their highest level in seven years, the company may have even better quarters to come.

Foolish takeaway

Warren Buffett isn't called the "Oracle of Omaha" without reason. Over the years, he has built a massive fortune by avoiding bubbles and buying stocks cheap. In January, we saw the results of that strategy in action. Investors might want to take note.

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