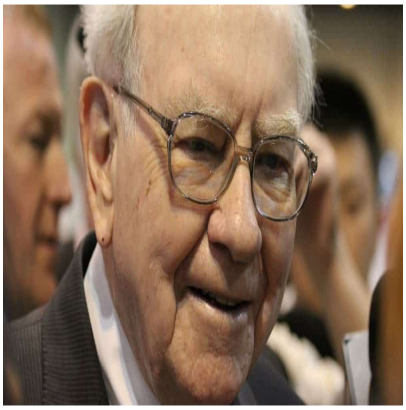

Warren Buffett Makes $2 Billion in January as World's Wealthiest Lose Billions: How Does He Do it?

Description

He might be in his early 90s, but, as we've seen so far in 2022, Warren Buffett hasn't lost his Midas touch.

In January, the world's wealthiest people lost billions to a volatile market. Musk lost around $39.3 billion. Bezos lost $28.4 billion. Zuckerberg and Bill Gates lost $35.9 billion and $9.11 billion, respectively. Yet, somehow, the Oracle of Omaha proved himself once again the GOAT of the investing world, earning $4.46 billion, even as tech stocks tumbled.

How does Warren Buffett do it? As much as we might joke, he doesn't have the Midas touch. Instead, he has a solid investing strategy — one that works well for uncertain times like these. Here are just a few qualities that easily separate Buffett from other billionaires.

He loves market volatility

Warren Buffett thrives in volatile markets. As he himself says:

> "As an investor, you love volatility. You love the idea of wild swings because it means more things are going to get mispriced."
> *Warren Buffett*

And again:

> “The true investor welcomes volatility. A wildly fluctuating market means that irrationally low prices will periodically be attached to solid businesses. It is impossible to see how the availability of such prices can be thought of as increasing the hazards for an investor who is totally free to either ignore the market or exploit its folly.”
> *Warren Buffett*

Whereas other investors might fear market volatility — or avoid investing when the market goes south — Buffett buckles in. Prices are low, and Buffett, apropos of his name, is ready to dig in.

He buys quality

> “It’s far better to buy a wonderful company at a fair price than a fair company at a wonderful price.”
> *Warren Buffett*

Buffett doesn’t buy junky or risky stocks. Nor does he buy overvalued companies with “a lot of potential” but no revenues to show for it. Instead, Buffett buys *quality*.

It’s why he’s the world’s greatest value investor. He can recognize a company’s intrinsic quality, even when its stock is priced low.

In a volatile market, Buffett is looking for quality. And the good thing about quality: it’s more likely to boost its value when the market goes up.

He invests for the long term

When Buffett analyzes stocks, he’s not asking where the company will be next year, nor the year after. He’s asking where it will be in 10 years.

> “If you aren’t willing to own a stock for 10 years, don’t even think about owning it for 10 minutes.”
> *Warren Buffett*

Of course, if a stock is losing, that doesn’t mean Buffett will refuse to sell it. As he says elsewhere, “The most important thing to do if you find yourself in a hole is to stop digging.” But, for the most part, Buffett employs a “buy-and-hold” strategy. As long as the stock is in good standing, Buffett holds on to it. Yes, even during a market downturn.

He sits and reflects

Buffett doesn’t act on impulse. He doesn’t react to market downturns, nor does he respond to hot, new investing trends. Instead, he sits back and reflects. As he says:

> "I insist on a lot of time being spent, almost every day, to just sit and think. That is very uncommon in American business. I read and think. So, I do more reading and thinking, and make less impulse decisions than most people in business. I do it because I like this kind of life."
> *Warren Buffett*

With the market still highly volatile, this year might be the best time to simply sit and think.

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