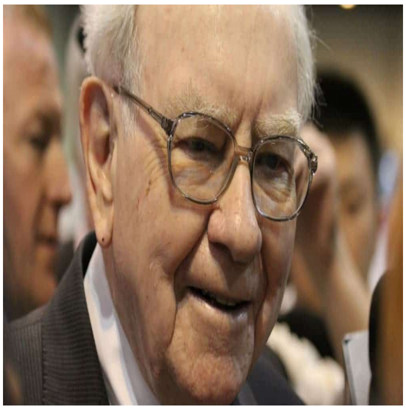

Here’s Why Warren Buffett Is Beating Every Billionaire Right Now

Description

Nearly every billionaire’s net worth took a beating in January, as tech stocks tumbled. Musk lost a whopping $39.9 billion. Zuckerberg wasn’t far behind, with a loss of $35.9 billion. Bill Gates lost $9.11 billion, and Bezos lost $28.4 billion.

But one billionaire managed to not just weather the storm but come out richer — the one; the only: Warren Buffett.

While tech companies were falling, Warren Buffett earned $4.46 billion, making him the sixth-wealthiest person in the world.

It comes as no surprise that Buffett has managed once again to come out on top after a market downturn. Arguably the world’s greatest living investor, Buffett has learned a thing or two about market volatility. So, how did he manage to beat every billionaire? Well, one thing certainly helped: his fortune isn’t tied to tech stocks.

His fortune isn’t tied to tech stocks

When you look at the list of billionaires who lost money, most have their fortunes tied to growth and tech companies. Musk and Bezos have their net worth attached to **Tesla** and **Amazon**, while Zuckerberg, Gates, and Page have theirs tied to **Meta**, **Microsoft**, and **Alphabet**.

Buffett’s net worth is also tied to a company — his own **Berkshire Hathaway**. But unlike the companies just mentioned, Berkshire’s shares rose 3.4% in January.

That’s partly because the market meltdown affected the tech sector, and Berkshire Hathaway has only 38.83% invested in tech. The company also has 31.21% invested in financials, with another 12.13% invested in consumer staples.

Buffett himself has never been a huge fan of tech stocks. It’s not that he dislikes them. On the contrary, he holds more shares of **Apple** than most investors. But Buffett doesn’t invest in what he doesn’t understand, nor does he buy overvalued stocks, which has led him to say “no” to companies such as Amazon and Alphabet, even when their stocks were relatively low.

The January meltdown hit the very tech stocks Buffett was always hesitant to buy. Perhaps at least once he can say, “I told you so!”

What can we learn from Buffett?

Buffett’s January success is a great lesson in portfolio diversification — that is, we can learn to hedge losses by spreading our investments over numerous companies and sectors, instead of one or two.

A diversified portfolio is a collection of different investments, which, when combined, help reduce your overall risk, while still helping you capitalize on gains. Diversifying your stocks involves investing in numerous market sectors, which include the following:

- Energy
- Materials
- Industrials
- Utilities
- Healthcare
- Financials
- Consumer discretionary
- Consumer staples
- Information technology
- Communication services
- Real estate

For instance, if you had a significant portion of your portfolio invested in tech stocks, then January was likely not a good month for you. But if you had money invested in consumer staples, real estate, energy, and materials, you might have had a better month.

To be fair, Buffett himself isn’t a fan of diversification. As he said, “Diversification is a protection against ignorance. It makes very little sense for those who know what they’re doing.” Even so, Buffett surely isn’t grumbling about his January earnings, even if they were a result of proper diversification.

CATEGORY

1. Investing

PARTNER-FEEDS

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

PP NOTIFY USER

1. kduncombe
2. sporrello

Category

1. Investing

Date
2025/06/27
Date Created
2022/02/18
Author
sporrello