



## How Does Warren Buffett Manage His Investment Portfolio in a War?

### Description

Warren Buffett is among the popular value investors who have lived through World War II, as well as many other wars. He shared his experience of a war-like crisis in his 2014 letter to shareholders. In 2014, when there was a conflict in Ukraine, Warren Buffet talked about his investing approach in an [interview](#) with CNBC.

### Warren Buffett on war-like crisis

Buffett warned that war is not a time to sell stocks, hoard cash, or buy gold. War is the time when the currency loses its value. His analysis applies even in the [Russia-Ukraine war](#). The Russian rouble has crashed, and gold is surging. This is the time to invest in businesses that you believe will earn more in the next five to 20 years.

In the interview, Warren Buffett stressed the purchase price of the stock. He said he would continue buying a stock that he has been actively buying even if conflict escalated. This is because the war would drop the price of that stock. What does this mean?

Buffett prefers buying stocks over time rather than in one go. You should first study the business, its growth plans, earnings potential, and balance sheet. When you know what to expect from the stock, start buying it at intervals unless an event alters the company's ability to earn money in the long term.

For instance, the pandemic altered airline stocks' ability to earn money. Even after two years, airlines are still putting off the cash burn. The Russia-Ukraine war will speed up the airline industry's cash burn by increasing oil prices and discouraging global travel.

### Warren Buffett: “You didn’t have to pick out winning stocks”

On the big question is which stock to pick, and Buffett comes yet again with an unbelievable answer, “You didn’t have to pick out winning stocks.” He made this statement in the context of [index funds](#). He said that index funds are a good option if you believe the U.S. would overcome the current crises, as it

has in the past. The American stock market recovered from the Cuban Missile Crisis, 9/11, and the financial crisis.

Some stocks might flourish, and some perish, but an index fund will restructure and invest in stocks that flourish. The S&P restructures the index every quarter, removing stocks that don't meet the requirements with the ones that do. The index keeps you invested in stocks where the money is flowing while keeping your cost down.

## Two ETFs to buy in the current market

- The **iShares Core S&P/TSX Capped Composite Index ETF** ([TSX:XIC](#))
- The **iShares S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#))

## Market ETF

The XIC ETF has holdings in 240 TSX stocks, with the largest exposure to the financials, energy, and materials sectors. Oil is a major industry of Canada as it has the world's third-largest oil sands reserves. It exports over 90% of its oil to the U.S., giving way for pipeline companies to earn toll money. The SWIFT sanctions on Russia could impact Canadian banks, but rising energy and commodity prices could drive the index returns. The ETF surged 35% in the last five years despite the pandemic crisis and the Russia-Ukraine war.

The best part about the ETF is a 0.06% management expense ratio (MER) that you pay annually on the value of your portfolio. A low MER enhances your real returns after adjusting for inflation.

## Technology ETF

The XIC has a broad sector-wide exposure that limits its sector exposure to only large caps. Hence, I suggest buying the XIT ETF that invests in different tech stocks, small and large. Almost half of its holdings are in application software, including blockchain and software-as-a-service (SaaS). The tech sector took a setback from rising inflation. The XIT ETF plunged 30% from September 2021 high, and it might continue for a few more months. It might test your patience, but it could likely return to growth when the war ends.

The above two ETFs could get you complete exposure to the Canadian stock market, which could revive with time.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)
2. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

## **PARTNER-FEEDS**

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

## **PP NOTIFY USER**

1. jguest
2. pujatayal

## **Category**

1. Investing
2. Stocks for Beginners

## **Date**

2025/06/27

## **Date Created**

2022/02/28

## **Author**

pujatayal

default watermark

default watermark