

PRINCIPLES OF FINANCE

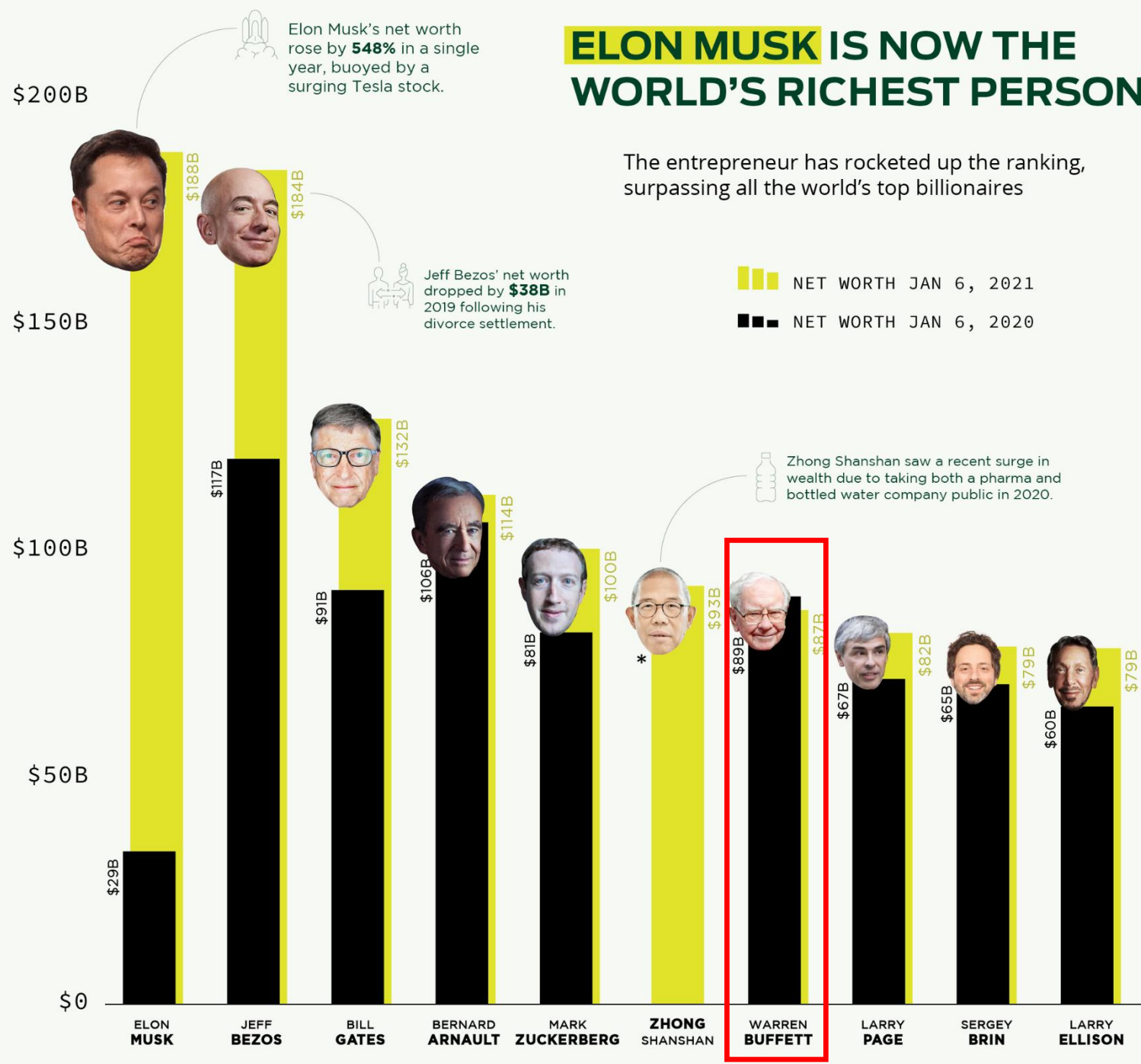
WARREN BUFFETT'S PORTFOLIO

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Warren Buffett

Source: Bloomberg Billionaires Index



Warren Buffett

- Investor and philanthropist
- CEO of Berkshire Hathaway (multinationate conglomerate holding company)
- Has pledged to give away 99% of his fortune to philanthropic causes, primarily via the Bill&Melinda Gates Foundation.
- Founded The Giving Pledge in 2009 with Bill Gates, whereby billionaires pledge to give away at least half of their fortune (M. Bloomberg, M. Zuckerberg...)

The Oracle of Omaha

(followed by the community of investors,
lives and works in Omaha)

- Value investor (high book/market ratio): buys undervalued stocks with sound fundamentals for a discounted price and holds them as long-term investments.
- Likes companies with low debt/equity ratios.

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

- Margin of safety

“It is difficult at the time of purchase to know any compelling reason why they should appreciate in price. However, because of this lack of glamour or anything pending which might create immediate favorable market action, they are available at very cheap prices. A lot of value can be obtained for the price paid. This substantial excess of value creates a comfortable margin of safety in each transaction.”

Diversification

- Value investing + diversification (?)

“We usually have fairly large portions (5% to 10% of our total assets) in each of five or six generals, with smaller positions in another ten or fifteen.”

- Margin of safety + diversification (?)

“Combining this individual margin of safety, coupled with a diversity of commitments creates a most attractive package of safety and appreciation potential.”

Warren Buffett's strategies

Opinion **Markets Insight**

Why Warren Buffett could lead other money managers into overlooked Japan

Berkshire's investment in trading houses highlights the case for unearthing cheap stocks

Source: Financial Times, sept. 2020

Berkshire Hathaway Inc

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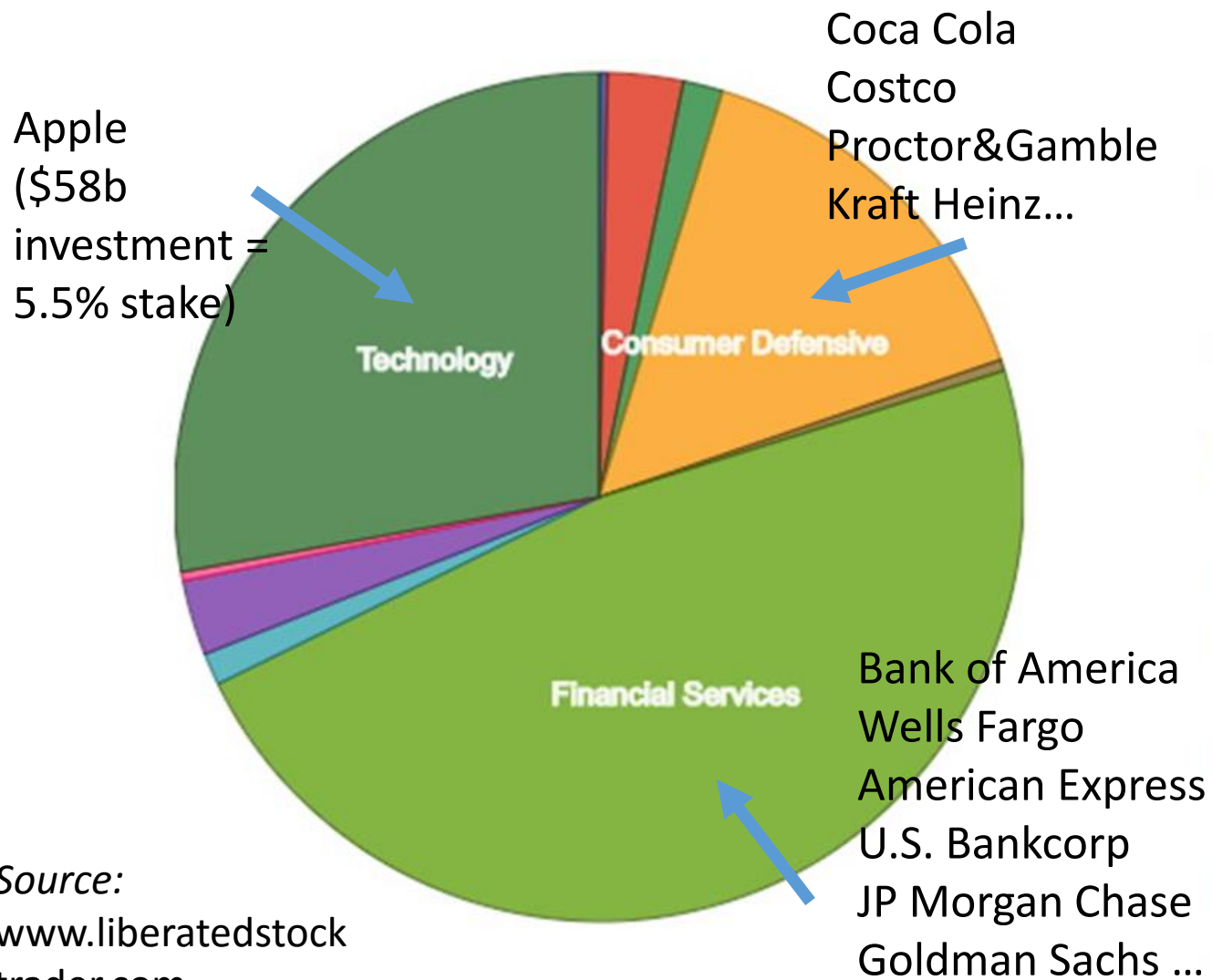
Warren Buffett's Berkshire Hathaway to invest \$570m in Snowflake

Group will take up stake when cloud computing database group lists on stock market



Warren Buffett was long famous for avoiding investing in tech, a sector he saw as vulnerable to sudden and disruptive shifts in value © Reuters

Warren Buffett's portfolio (2020)



Basic Materials	\$695,042,291	0.3%
Communication Services	\$6,048,769,835	2.9%
Consumer Cyclical	\$3,202,095,072	1.5%
Consumer Defensive	\$31,827,840,225	15.0%
Energy	\$915,061,967	0.4%
Financial Services	\$100,583,613,855	47.6%
Healthcare	\$2,591,684,264	1.2%
Industrials	\$6,082,292,931	2.9%
Real Estate	\$701,012,926	0.3%
Technology	\$58,856,291,925	27.8%

Warren Buffett's largest holdings

Ticker	Company	Quantity	Price	Value
AAPL	Apple	249,589,329	\$ 234.12	\$ 58,435,101,652.00
BAC	Bank of America	947,760,000	\$ 30.06	\$ 28,484,927,089.00
KO	Coca-Cola	400,000,000	\$ 53.85	\$ 21,538,000,488.00
WFC	Wells Fargo	409,803,773	\$ 49.60	\$ 20,328,315,972.00
AXP	American Express	151,610,700	\$ 118.15	\$ 17,912,804,436.00
KHC	Kraft Heinz	325,634,818	\$ 27.57	\$ 8,976,123,932.00
USB	U.S. Bancorp	132,459,618	\$ 54.58	\$ 7,230,308,127.00
JPM	JPMorgan Chase	59,514,932	\$ 120.24	\$ 7,155,777,885.00
MCO	Moody's	24,669,778	\$ 218.20	\$ 5,382,945,484.00
GS	Goldman Sachs Group	18,353,635	\$ 205.03	\$ 3,763,045,762.00

Warren Buffett's largest stakes

Ticker	Company	Quantity	Value	Stake
KHC	Kraft Heinz Co	325,634,818	\$ 8,967,982,888	26.70%
DVA	Davita Inc	38,565,570	\$ 2,214,435,029	24.10%
AXP	American Express Company	151,610,700	\$ 17,961,319,629	18.30%
LSXMK	Liberty Sirius XM Group Series C	31,090,985	\$ 1,352,457,848	15.20%
LSXMA	Liberty Sirius XM Group Series A	14,860,360	\$ 639,144,084	14.40%
MCO	Moody's Corporation	24,669,778	\$ 5,369,870,577	13.00%
DAL	Delta Air Lines, Inc.	70,910,456	\$ 3,795,836,710	11.00%
VRSN	Verisign, Inc.	12,952,745	\$ 2,406,231,439	10.90%
AXTA	Axalta Coating Systems Ltd	24,264,000	\$ 698,560,560	10.40%
BAC	Bank of America Corp	947,760,000	\$ 28,792,948,800	10.20%

Warren Buffett's largest dividends

Company	Value	Div. Yield	Exp. Yearly Dividends
Wells Fargo	\$ 20,328,315,972.00	4.10%	\$ 835,999,681
Apple	\$ 58,435,101,652.00	1.30%	\$ 768,735,114
Bank of America	\$ 28,484,927,089.00	2.40%	\$ 682,387,227
Coca-Cola	\$ 21,538,000,488.00	3.00%	\$ 640,000,010
Kraft Heinz	\$ 8,976,123,932.00	5.80%	\$ 521,015,717
American Express	\$ 17,912,804,436.00	1.50%	\$ 260,770,408
U.S. Bancorp	\$ 7,230,308,127.00	3.10%	\$ 222,532,151
JPMorgan Chase	\$ 7,155,777,885.00	3.00%	\$ 214,253,750
General Motors	\$ 2,621,583,333.00	4.20%	\$ 109,849,937
Bank of New York Mellon	\$ 3,602,112,398.00	2.80%	\$ 100,362,191

Warren Buffett's portfolio growth



Source: seekingalpha.com

Recent criticisms

Warren Buffett

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Light on tech, heavy on banks – has Warren Buffett lost his touch?

Too big. Too slow. Too old-fashioned. Criticism mounts after Berkshire Hathaway's bad run

Eric Platt in New York JUNE 16 2020

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Source: Financial Times, June 2020

Opinion: Warren Buffett hasn't lost his touch and Berkshire Hathaway's critics — as usual — are short-sighted

Published: May 18, 2020 at 9:09 a.m. ET

By [Mark Hulbert](#)

Keep expectations real when a skilled investor lags the market

Source: www.marketwatch.com

Recent criticisms

Warren Buffett's Billions at Risk; Berkshire Hathaway Is Lowest-Rated on Sustainability

10
FEB 2012

📁 posted in: HIP in the News, News | 💬 0

Co-authored with analyst Maximilian Lichtenheld of HIP Investor.

Warren Buffett is known as the “Oracle of Omaha,” but does his view towards sustainability warrant this title in the 21st century? Not according to the “HIP 100” investment index and portfolio. Berkshire is rated dead last of the 100 largest companies in the U.S. based on low sustainability results and lack of information on its conglomerate’s actions and results.

Source: www.hipinvestor.com

Recent criticisms

The problem with ESG box-ticking

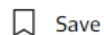
Investors are outsourcing their values to a small group of research firms. And it's creating confusion.



Jonathan Shapiro

Senior reporter

Dec 4, 2019 - 11.11am



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If you managed a portfolio of companies that left a ghastly carbon footprint across America, loaded kids up with sugar, supplied parts to bomber jets and engaged in multi-level marketing, you might find it hard to survive in a world of ESG [environmental, social and governance] investing.

But if you happen to be Warren Buffett, you can probably get away with it.

Buffett and his sidekick, Charlie Munger, don't give a toss about ESG and it shows in Berkshire Hathaway's holdings of candy and cola companies, private jet rentals and defence contractors.

A "business over ethics" approach:

"The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company and, above all, the durability of that advantage. The products or services that have wide, sustainable moats around them are the ones that deliver rewards to investors."

Source: www.afr.com