Spying Warren Buffett: Berkshire Makes Big Moves in Banking Sector, Railroads

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Warren Buffett is one of the most closely watched investors in the world. Decades of outperforming the market and a folksy demeanor have earned him an ardent following and a glowing reputation. It's natural then that many individual investors have an interest in the latest moves Buffett has made at Berkshire Hathaway (NYSE: BRK-A - News, BRK-B - News).

Revered for his investing prowess, Buffett's investments are always closely watched, but his overarching investing philosophy has remained constant. Typically, he loves to put money into undervalued companies with easily understood business models and great brand recognition.

Looking at Buffett's holdings at the end of Q3, he held steady with positions in some of his long-held favorites while also increasing stakes in financials and healthcare. Among those favorites Buffett just held onto were Coca-Cola (NYSE: KO - News), in which Buffett maintained a 200-million share stake, and American Express (NYSE: AXP - News), where Buffett essentially left his 151.6-million share stake unchanged.

Eclipsing Amex as Buffet's no. 2 holding was money center bank Wells Fargo (NYSE: WFC - News), where Buffett now holds 279.7 million shares. Elsewhere in the banking sector, Buffett was also buying shares of US Bancorp (NYSE: USB - News). He also upped his stakes in a pair of America's sturdiest brands, Proctor & Gamble (NYSE: PG - News) and Johnson & Johnson (NYSE: JNJ - News).

Buffett has been making some moves in the railroad sector of late, as well. He ended Q3 with a 53-million share stake in Burlington Northern Santa Fe (NYSE: BNI - News), an increase of 14 million shares, and more recent filings have shown that he's since added to the stake further. Buffett's investment in Burlington Northern raised some eyebrows initially, as the billionaire investor had never shown an inclination towards the rail industry.

Though not big on brand recognition, the railroads offer reasonable dividends, stock buybacks, and consistent free cash flow generation, all factors that likely drew Buffett to the sector. However, he pared back his stake in another railroad, Union Pacific (NYSE: UNP - News), which no longer appears in Berkshire's top-15 holdings. Though it was never in Berkshire's top-15 holdings, Petrochina (NYSE: PTR - News) turned out to be a high-profile stake for Buffett during Q3 as he made headlines for dumping shares in the Chinese energy giant as it rocketed to new highs.

Looking at tickerspy.com's graph charting the performance of Berkshire's end-of-Q3 holdings so far this quarter, it's clear that Buffett's strategy remains sound. While it's been a volatile quarter for Berkshire and other investors large and small, the firm's top holdings have collectively performed better than the market, though they remain slightly below breakeven. If you want to see how your performance stacks up to Warren Buffett's, visit tickerspy.com to see the Oracle of Omaha's top holdings and a chart of their combined performance.

Pro portfolio performance is based on institutions' top-15 holdings as disclosed in quarter-end filings with the SEC. Pro performance does not take into account additional holdings beyond the top 15 nor does it include positions that are not required to be disclosed by the SEC. As such, Pro portfolio performance should be considered an approximation and not a precise record of how an institution has performed over time.

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