

# Legendary Investors

## Warren Buffett's Picks

Filtered by risk

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# Investment strategy and key holdings

- Warren Buffett is the most respected and successful investor in history.
- He has delivered an average annual return of 20% for shareholders since the beginning of 1965.
- Buffett's investment strategy can be summed in his own words as :

"We want businesses to be one (a) that we can understand; (b) with favorable long-term prospects; (c) operated by honest and competent people; and (d) available at a very attractive price."

- Dividend stocks have played a huge role in Buffett's long-term success.
- Buffett is the Chairman of Berkshire Hathaway which has a tradable portfolio of securities valued around \$299 bn divided among 50 stocks and ETFs

Company Name	% of Portfolio	Value	Average Buy Price
Apple Inc	38.90%	\$ 116.31B	\$36.98 (+312.5%)
Bk Of America Corp	11.19%	\$ 33.45B	\$25.66 (+37.8%)
Chevron Corp New	9.78%	\$ 29.25B	\$122.55 (+32.9%)
Coca Cola Co	8.51%	\$ 25.44B	\$40.28 (+49.3%)
American Express Co	7.49%	\$ 22.40B	\$71.11 (+149.3%)
Kraft Heinz Co	4.43%	\$ 13.26B	\$77.86 (-48.6%)
Occidental Pete Corp	4.09%	\$ 12.24B	\$47.76 (+27.2%)
Moodys Corp	2.30%	\$ 6.87B	\$57.13 (+427.7%)
Activision Blizzard Inc	1.35%	\$ 4.04B	\$73.37 (+5.7%)
Hp Inc	0.94%	\$ 2.81B	\$36.99 (-18.5%)
Davita Inc	0.90%	\$ 2.70B	\$60.39 (+39.0%)
Verisign Inc	0.88%	\$ 2.63B	\$47.12 (+334.4%)

Source:  
SEC 13F  
filing

Consumer discretionary  
– e-commerce  
and Cloud

# Amazon.com

Consensus  
target \$136  
(+44%)

Portfolio weight: 0.30%

Market price: \$94.58

Investment :\$896 mn

Berkshire's average cost: \$83.05

**Profile:** Amazon.com is a leading global e-commerce retailer as well as a major provider of cloud computing services. Its services segment that includes AWS, Amazon Prime, digital advertising generated 53% of its 2022 revenue exceeding for the first time its retailing segment, a major transformation in its business model.

Fundamentals		Outlook
Mcap	\$969 bn	Amazon' bottom line in 2022 was affected due to a \$12.7 bn valuation loss in its holding in Rivian Auto. Net revenue rose 13% yoy in constant currency term led by
P/E (2023E)	67x	North America and its cloud service, AWS. Operating cash flow increased marginally
Year end	December	while free cash flow was negative at \$11.6 bn owing to its capex of \$64 bn in 2022.
EPS 2024E	\$2.51	Cash conservation should remain focus for the company in 2023 after it laid off
EPS 2023E	\$1.41	18,000 of its work force. AWS is a leader in cloud computing and should drive its
Next earnings day	Apr 26, 2023	growth and margin in the medium-term as cloud adoption increases by enterprises.
Div yield (Excl. withholding tax)	0%	Digital advertising and Amazon Prime are other two growth drivers as the company
ROE	-1.9%	is seeing strong traction in these segments. Risks include lower consumer
Institutional holding	61%	spend, legal and regulatory hurdles.

# Snowflake

Consensus target  
\$183 (+18%)

Portfolio weight: 0.29%

Market price: \$154

Investment :\$879 mn

Berkshire's average cost: \$246.64

**Profile:** Snowflake is a leading enterprise data warehouse provider . Its cloud data platform operates on Amazon Web Services, Microsoft Azure , and Google Cloud. It has a multi-cluster architecture that can fully separate computing from storage layers and provide cost effective, high-speed solutions for its clients.

Fundamentals		Outlook
Mcap	\$50bn	Gartner estimates the total market opportunity for SNOW's Cloud Data Platform to reach \$248 billion by 2026 led by data warehouse, data lake and unistore workload.
P/E (2023E)	670x	This company is in a high growth phase driven by rising data consumption
Year end	January	and network effects from its shared data platform. Wall Street expects the company's
EPS 2024E	\$0.51	topline to increase 68% in FY 2023 and 46% in FY 2024. The company has been
EPS 2023E	\$0.23	adding \$1mn + clients rapidly and has also reported a significant expansion with its
Next earnings day	Mar 01, 2023	existing customers. Free cash flow as a percentage of revenue has increased from
Div yield (Excl. withholding tax)		12% at the end of FY22 to 21% at the end of 9M FY23 as economies of scale kick in.
ROE	-14%	This stock is held by many big institutional investors and is covered by 23 analysts
Institutional holding	67%	owing to its high growth potential and led by a quality management.

# Citigroup

Consensus target  
\$57.40 (+12%)

Portfolio weight: 0.83%

Market price: \$51.42

Investment :\$2.49 bn

Berkshire's average cost: \$56.90

**Profile:** Citigroup operates globally mainly under two segments - institutional clients and consumer banking. Institutional clients accounted for \$41.2 bn of revenue and \$10.6 bn (72% of Group net income) of net profit in 2022. Its consumer banking segment reported a revenue of \$24.2 bn and a net income of \$3.3 bn(22% of Group's). Its CET1 capital ratio was 13% at the end of 2022

Fundamentals		Outlook
Mcap	\$100 bn	Citigroup continues to restructure its business globally planning to exit Mexico ( retail banking) and has already exited in 12 emerging markets including Indonesia, Malaysia, Thailand, and Vietnam. This should improve the Group's capital efficiency by reallocating capital into its more profitable segments such as treasury, markets, & wealth management. The stock currently trades well below its net tangible book value of around \$81 a share. The group holds a dominant position globally in treasury trade finance, securities services business as well as fixed income markets. The stock offers a dividend yield of 4% p.a. Risks include regulatory headwinds and a possible US recession.
P/E (2023E)	9.9x	
Year end	December	
EPS 2024E	\$6.75	
EPS 2023E	\$5.81	
Next earnings day	Apr 14, 2023	
Div yield (Excl. withholding tax)	4%	
ROE	7.7%	
Institutional holding	74%	

# Ally Financial

Consensus target  
\$35 (+17%)

Portfolio weight: 0.24%

Market price: \$29.80

Investment : \$729 mn

Berkshire's average cost: \$40.61

**Profile:** Ally Financial is a digital financial services Co in the US comprising of auto finance & insurance (#1 Prime lender) and a full digital bank (Ally Bank). Ally's business had transformed from financing only GM and Chrysler vehicles to an OEM-agnostic auto lender. It is now a full service financial institution having a loan book of \$146 bn, 95% of it is secured. Deposits account for 88% of its funding base at the end of 2022 from 41% when it went public in 2014 and hence has a stable ,sticky funding source.

Fundamentals		Outlook
Mcap	\$ 9.3 bn	Ally's NIM was robust at 3.88% in 2022 from 2.67% in 2020. Despite a 161 bps
P/E (2023E)	8.2x	increase in Fed funds rate, its cost of funds declined to 1.71% in 2022 from 1.97%
Year end	December	in 2020. The company has attributed this to its growing deposit franchise. The company generated a 20.5% core ROTCE in 2022 . It bought back nearly 13% of its
EPS 2024E	\$5.23	outstanding shares in 2022 and is also a regular dividend paying company. The
EPS 2023E	\$3.78	company's tangible book value per share has been growing steadily from \$23 in 2014
Next earnings day	Apr 14, 2023	to \$30 at the end of FY 22. Ally has temporarily suspended buyback of its shares in
Div yield (Excl. withholding tax)	3.8%	2023 to conserve cash in view of higher rates and economic uncertainty.
ROE	13%	Risks include a weaker US auto sales / employment trends, deterioration in
Institutional holding	93%	consumer credit metrics leading to a higher net charge-offs