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Wealth Tips: Follow the 'Oracle of Omaha'—Can Beginners Profit in a Volatile Market?

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When U.S. President Donald Trump launched his tariff offensive, global stock markets immediately plunged into the violent turmoil of 'Black Monday.' While the world's wealthiest billionaires saw their fortunes shrink, one familiar face among investors remained calmly watching as his assets grew instead. This was none other than Warren Buffett, the 'Oracle of Omaha,' whose flurry of moves since late 2024 - or even earlier - has made his legendary status shine anew through the market gloom. This raises a crucial question for reflection: Can investing novices really guarantee profits by simply following in the footsteps of the "investment guru"?

The White House's tariff hammer, wielded by Trump, triggered the recent "Black Monday" (April 7, a global sell-off panic). Amid the turmoil, Warren Buffett stood out as one of the few ultra-rich to escape asset erosion.

Buffett's resilience yet again raises questions: What did he do right? Can novices "copy his homework" and trail his steps to safeguard their wallets in an uncertain market?

Analysts interviewed noted that Buffett's value investing principles are indeed the easiest for novice retail investors to emulate. His historical investment moves also offer valuable insights into the legendary investor's strategic thinking and methodology.

Berkshire's Record Cash Hoard

Since late last year, Buffett has been active. His company Berkshire Hathaway amassed a 35-year high in cash reserves, reaching USD334.2 billion (SGD438.9 billion) by 2025—about 30% of total assets.

Chief Investment Officer Steve Alain Lawrence of Balfour Capital, a hedge fund and global investment strategy firm, believes that the company's significant cashing out is not a panic move, but rather a demonstration of strength.

In a written interview with Lianhe Zaobao, Steve Lawrence explained: "Buffett waits for the right moment. He often says that be fearful when others are greedy, and he knows that the market will eventually have problems. So, when the selling wave arrives and others are in a frenzy, he takes the opportunity to enter the market, which gives him an advantage."

Berkshire Hathaway began reshuffling its investment portfolio as early as the third quarter of 2023. From Q3 2023 to Q1 last year, it gradually sold off 56% or 515 million shares of Apple.

In Q4 last year, Berkshire Hathaway reduced its stake in Bank of America, selling 14.72% of its holdings in one go. Citigroup fared even worse, with Buffett offloading 73.50% of his stake, totaling 40.605 million shares, during the same period.

At the same time, it invested approximately USD405 million in Occidental Petroleum, increasing its stake to 28%; it also invested about USD94 million in VeriSign, raising its stake to 14%.

Other stocks that saw increased holdings or new positions included Domino's Pizza Inc, Pool Corporation, and Constellation Brands.

Additionally, some companies and trusts were completely liquidated, including beauty retailer Ulta Beauty (held for only two quarters), State Street Global Advisors, and the S&P 500 ETF Trust under Vanguard.

Unwavering Confidence in the Japanese Market Issuing Yen Bonds and Increasing Holdings in Japanese Stocks

Berkshire Hathaway also showed ambitious moves in the Japanese market. In October 2024, it issued yen bonds totalling JPY281.8 billion (approximately SGD2.6 billion), the company's largest bond issuance in five years. Amid the ongoing tariff war, the company's confidence in Japan remained strong, and in April 2025, it issued another JPY90 billion in bonds.

By the end of 2024, the company had increased its stakes in five Japanese trading houses to 9.80%, including Itochu, Marubeni, Mitsubishi, Mitsui, and Sumitomo.

Steve Alain Lawrence believes the more noteworthy focus is Berkshire Hathaway's management transition. Greg Abel, the 61-year-old Vice Chairman, oversees the company's non-insurance businesses and holds decision-making power for investments, including stock allocations.

Steve Alain Lawrence said: "Abel is directing funds into physical assets, long-term cash flows, and global operations. These are still value investments, but on a larger scale. Clearly, Buffett and Abel favour tangible assets like energy, logistics, and infrastructure—resources indispensable to the world."

Under Abel's leadership, Berkshire Hathaway's internationalization efforts have become more aggressive. Ajit Jain, the 72-year-old Vice Chairman in charge of insurance, maintains a rigorous underwriting strategy.

Steve Alain Lawrence said: "Berkshire Hathaway's long-term outperformance of the S&P 500 isn't due to blindly chasing investment returns but to carefully selecting energy, railroads, insurance, and tech stocks like Apple. These chosen stocks have relatively stable and consistent earnings, with outstanding compound growth efficiency."

Investments in Occidental Petroleum and several Japanese trading houses are not momentum plays but reflect deep value investing—generating massive cash flows without industry hype. This shows that Buffett and his potential successor recognize the long-term pricing power of traditional economic sectors.

The "Oracle of Omaha’s" Secret: Observing ROE

Whether a company has long-term pricing power can be observed through its Return on Equity (ROE).

Buffett's value investing can be summarized as "two no's and one low": the 10-year average ROE must not be below 20%, no single year's ROE should fall below 15%, and the company must use low leverage (debt ratio) to grow its business.

ROE measures a company's profitability, indicating the net profit generated per unit of shareholder equity. Shareholder equity refers to the net value of a company's assets after deducting liabilities, representing shareholders' ownership of the company's net assets.

ROE is a key metric for evaluating a company's profitability, revealing how effectively it uses shareholders' funds for investments, mergers, acquisitions, and other business developments to generate returns.

In other words, a high ROE typically means a company efficiently uses shareholder capital to generate profits, demonstrating strong earnings and competitive advantages. ROE equals net income divided by equity.

A stable and high ROE generally indicates that a company has an "economic moat," allowing it to maintain competitive advantages over the long term—this aligns with Buffett's value investing criteria.

Analyst: Buffett's Investment Method Is Easier for Beginners to Master

Isaac Lim, Chief Investment Strategist at Singapore online investment platform Moomoo, compared the investment strategies of Buffett, U.S. "Stock Goddess" Cathie Wood, and Ray Dalio in an interview with Lianhe Zaobao, ultimately concluding that Buffett's approach is the easiest for "newbies" to learn.

Cathie Wood, founder of Ark Investment Management LLC, is an early-stage venture investor who prefers medium- to short-term holdings. She advocates investing in disruptive technologies and high-growth companies, which carry relatively high risks.

Isaac Lim said: "Buffett has a famous saying: 'Rule No. 1: Never lose money. Rule No. 2: Never forget Rule No. 1.' As long as a company's fundamentals are stable but undervalued, he will continue investing. Buffett also doesn't short stocks. This is what retail investors should understand—investing is a long-term game."

Investors Must Have Discipline and Patience to Withstand Market Volatility

Ray Dalio's Bridgewater Associates, the world's largest hedge fund, leans toward medium- to long-term holdings, with results taking weeks to years to materialize.

"Value investing boils down to three pillars. Thoroughly research a company and compare it with peers, focusing on value aspects like management quality and integrity. Additionally, maintain a long-term perspective and avoid concentrating all funds in a single position."

Isaac Lim reminds us that Buffett's value investing method is inherently simple and the easiest to learn, but it requires tremendous discipline and patience to withstand the test of severe market volatility.