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## How To Invest Your Money In 2016: Best 10 Blue-Chip Stock Buys

### Warren Buffett's Financial Bets

It's the time of year for holiday cheer and stock market outlooks galore for the 2016 New Year.

Oil, if you buy, will it make you cry?

I asked investment strategists to share their outlook and give you the best stocks in their investment book.

### **Berkshire Hathaway (BRK.B) (\$323 billion in market cap)**

by Daniel Beckerman, CFP®, ChFC®

Investors might want to consider owning Warren Buffett's Berkshire Hathaway (BRK-B). Although the A shares carry more rights, I would recommend the B shares. First, most investors are not in a position to buy the A shares with a price of over \$200,000.00 for a single share. Second, it is much easier to make incremental changes and rebalance with a position at approximately \$135.00 per share for the B shares.

If Berkshire gets a little overvalued or if you want to recognize a capital loss for tax purposes, you can easily rebalance \$10,000.00, \$20,000.00, or less with the B shares, which is just not an option with the A shares.

Berkshire Hathaway shares look cheap having lagged the S&P 500 index (SPY) in the last five years. You cannot always buy Berkshire Hathaway (BRK.B) at a reasonable premium to book value. When you look at the long-term history, Berkshire has almost doubled the S&P (per annum) since 1965.

Buffett hired some investment proteges. They are former hedge fund managers: Todd Combs and Ted Weschler. When you look at their total track records from when they ran their hedge funds, they performed far better than the S&P 500 index (SPY).

Many people cite Buffett's age as a reason to stay away from Berkshire. Yet Combs and Weschler are already allocating more and more of Berkshire's investments each year. Buffett and Charlie Munger have not made their entire succession plan public. But they have referenced the fact that there is a plan in place with some internal Berkshire Hathaway associated personnel.

Given what has been made public, my expectation would be that Buffett's role at the company will be split into numerous positions: including non-executive chairman, CEO, and portfolio managers.

Investors are increasingly allocating capital to index funds and exchange-traded funds. Buffett himself even endorsed indexing as a reasonable strategy. The question to ask yourself as an investor, is should you allocate money to a stock market index fund? Or, should I invest my money with the team that Warren Buffett has hand picked to outperform the S&P 500 (SPY) over time? I would not hesitate to bet on Warren Buffett and his team.

*- Daniel Beckerman, CFP®, ChFC® is president of Beckerman Institutional and portfolio manager*