

The REAL Buffett Method: Why These Two Stocks Would Make the Oracle Say “Buy”

Plus... Buffett’s Billion-Dollar Blind Spot for a Modern Insurance Policy

The arena fell silent on May 3, 2025. Warren Buffett – the 94-year-old Oracle of Omaha – stood before crowds of loyal fans. Then he dropped big news no one saw coming.

“I think the time has arrived,” Buffett said softly, “where Greg should become the chief executive officer of the company at year-end.”

With those simple words, an era ended.

After six decades of turning a failing textile mill into a trillion-dollar giant, the world’s most famous investor said he’d retire.

Buffett stood for a simple creed – buy great firms at fair prices, use no debt, don’t gamble, and hold forever. Now he will step back. (Though he promised to “hang around” and keep all his \$160 billion-plus stake in the firm he built.)

As the crowd stood and clapped for minutes, the meaning was clear. The world was losing not just a CEO but a money guru whose words shaped how countless people invest.

The Man Behind the Myth

Even as Buffett hands the reins to Greg Abel, his chosen heir, a closer look shows something key about his legacy.

While Buffett quoted Benjamin Graham as his bible, his actions didn’t always match his words.

He may have started with Graham and David Dodd’s famous text, but what he built was far more varied and cleverer.

To grasp why his genius lasts and why we should learn from his methods – but not be trapped by his myths – we must split what Buffett said from what he did.

Here’s an honest look at his investing style... and the key ideas all investors should follow.

Where Buffett’s Path Began

Warren Buffett studied under Graham at Columbia. *Security Analysis*, written in 1934 by Graham and Dodd, shaped Buffett’s early views.

He took these core ideas to heart...

Wall Street superstar and retired hedge fund manager **Shah Gilani** is the Chief Investment Strategist of Manward Press



Shah Gilani

and at the helm of the *Manward Money Report* newsletter and the *Launch Investor* and *Alpha Money Flow* trading services. He’s a sought-after market commentator and has appeared on CNBC, Fox Business, and Bloomberg TV. He’s also been quoted in *The Wall Street Journal*, *The New York Times*, and *The Washington Post*, and he’s had columns published in *Forbes*.

In 1982, he launched his first hedge fund from his seat on the floor of the Chicago Board Options Exchange. He worked in the pit as a market maker when options on the S&P 100 Index first began trading... and was part of a handful of traders who laid the technical groundwork for what would eventually become the CBOE Volatility Index (VIX). He also ran the futures and options division at the largest retail bank in Britain. Shah gained notoriety for calling the implosion of U.S. financial markets (*all the way back in February 2008*) AND the mega bull run that followed.

Now at the helm of Manward, Shah is focused tightly on one goal: **to do his part to make subscribers wealthier, happier, and freer.**

- **Intrinsic value:** The value of a company is distinct from its market price.
- **Margin of safety:** Buy only when the market price is significantly below intrinsic value.
- **Fundamental discipline:** Focus on low price-to-earnings ratios, low price-to-book ratios, and conservative balance sheets.

Buffett's first funds in the 1950s and 1960s copied Graham's style. He bought "cigar butts," as he called them... firms trading at huge markdowns, many almost dead, but still good for one last puff of profit.

Wisely, Buffett changed. He later said Graham's style was "too limited." He shifted – thanks to Charlie Munger – to quality firms, not just cheap ones.

Buffett's Core Rules

Here are the main rules Buffett has shared for decades in his letters and talks...

1. **Buy Wonderful Companies at Fair Prices:** "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."
2. **Hold Forever (or Close to It):** "Our favorite holding period is forever."
3. **Avoid Leverage:** "When leverage works, it magnifies your gains. But when it doesn't, it magnifies your pain."
4. **Stay in Your Circle of Competence:** "Risk comes from not knowing what you're doing."
5. **Resist the Tides of Emotion:** "Be fearful when others are greedy and greedy when others are fearful."
6. **Bet Big When the Odds Are Overwhelming:** "Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble."

These rules have become set in stone – spread by CNBC, Berkshire's yearly meetings in Omaha, and the cult of Buffett's annual letter. But there's much more to the Buffett tale... and that's where things get good.

Buffett the Rule Breaker

While Buffett's key beliefs haven't changed in his speeches, the truth is more mixed.

In fact, Buffett has made many cases that break his own rules.

Buffett's Hidden Debt. Buffett says he hates debt. But Berkshire has long gained from a steady source of debt: insurance float.

"Float is money we hold but don't own." In effect, it is borrowed – but at no cost.

This "free debt" often tops \$100 billion. It's used to buy firms, stocks, and more. Though it's not margin debt, it's still debt by another name – money that doesn't need to be paid back until claims come due, often years later.

In plain words: Buffett got cheap loans, put them to work, and grew returns far more than cash alone would allow.

Buffett and Risky Bets. He once called them "financial weapons of mass destruction." But from 2004 to 2010, Berkshire held more than \$60 billion in risky bets – like long-term puts on global stock indexes. Berkshire made billions from these trades.

So much for hating risk.

Buy and Hold (and Sell Quietly). Yes, Buffett owns Coke and American Express. But he's also been a sly trader. Here are key firms Berkshire bought and later sold fully...

- **IBM:** \$10 billion-plus stake built up and then sold between 2016 and 2018
- **Airlines:** Delta, American, United, and Southwest (sold at a loss in 2020)
- **Oracle:** Bought in 2018 and sold in 2019
- **Costco:** Held for years but sold fully by 2020
- **Tesco (U.K.):** Sold after bad news
- **Walmart:** Held for decades but sold fully by 2018
- **Goldman Sachs:** Bought during the 2008 crash and sold by 2020
- **Verizon:** Took a large stake and then exited by 2022
- **Moody's:** Greatly cut stake from its peak.

Simply put, Buffett trades – smartly and with care.

The Secret Trader Behind the Value Man. Berkshire's filings show this clearly: Buffett and his team (Ted Weschler and Todd Combs) have often moved money around. The myth of "never sell" simply isn't true.

Buffett has long said, “The stock doesn’t know you own it.” That lack of ties lets him sell when facts change or better odds show up elsewhere. It’s not two-faced – it’s smart. But it does show a gap between what Buffett says and what he does.

The Key Stats Buffett Watches

Despite these splits, Buffett’s genius lies in his strict study of firms. Learning which money stats he cares about shows the truth behind both his wins and his shifts.

- **Return on equity:** Buffett seeks firms earning high returns on cash without too much debt. He wants firms that can make big profits from owners’ cash in a smart way.
- **Free cash flow:** Buffett calls this “the lifeblood of any great firm.” He likes firms that make more cash than they need – money that can go back to owners or be put to good use.
- **Owner earnings:** Buffett coined this term. It means net income plus write-offs minus needed costs. This shows the true cash flow that owners can count on.
- **Economic moats:** Though hard to see, Buffett checks for edge through things like market share, profit margins, and price power. Firms with wide moats can keep high returns over time.
- **Steady earnings growth:** Buffett prefers steady, sure growth over wild swings. He seeks firms with earnings that grow year after year like clockwork.
- **Low capital needs:** Firms that don’t need lots of new cash to grow are rare gems. Buffett likes firms that can grow without eating up cash.
- **High return on invested capital:** This shows how well a firm uses its cash. Buffett likes leaders who can make high returns on each dollar spent.
- **Conservative balance sheets:** Small debt-to-cash ratios reflect strong funds. Buffett tends to avoid firms with high debt, instead choosing those with robust cash stores.
- **Long-term reinvestment runway:** Buffett seeks companies with ample opportunities to redeploy capital profitably for years to come, ensuring sustainable competitive advantages.

These stats work as a team in Buffett’s full view of a company’s quality, management, and long-term prospects.

More Than Just Numbers

Buffett has always known that good investing requires more than just math. He reads the market mood, seeing when fear and greed make good buys.

His famous rule about being “fearful when others are greedy and greedy when others are fearful” shows a deep understanding of mood and timing. This mind edge, mixed with his strict math, has led to his best wins.

It’s how Buffett has earned over 19% each year for Berkshire owners from 1965 to now – more than twice the S&P 500’s return.

Again, that win came not from strict rules but from change, growth, and good deals.

Buffett was never “just” a value man. He was – and is – a smart cash user, a strict guard against risk, a pro at waiting, and, when needed, a trader.

The key to being successful like him... isn’t to follow his rules. It’s to think like him: sharp with math, quick to shift, and always fixed on the facts that count.

And that’s how I found the two stocks I’m going to share next.

These picks are in the real Buffett style – with a focus on quality, wide moats, and strong cash.

The Dividend-Paying AI Front-Runner

First up, we’re targeting **Qualcomm** (QCOM).

If you’re like most folks, when you hear the name Qualcomm, you – rightly – think of semiconductor chips for phones. But the firm is much more than that.

Its products power car tech, the Internet of Things, edge computing, smart glasses, and AI tools.

Of all the uses for Qualcomm’s products, the one I want to zero in on is the firm’s push into AI.

A year ago, everyone thought AI would need huge data centers to feed its processing power.

While that’s still true for cutting-edge AI, mainstream AI now needs less power, which means growth can happen without giant energy use or data farm ties.

For proof, Chinese startup DeepSeek claims its V3 AI tool, running on less strong chips, can match or beat top U.S. rivals – and it did this for just \$6 million in two months.

Key U.S. AI pros have praised DeepSeek's work:

- **Marc Andreessen**, venture capitalist, called DeepSeek's R1 model "AI's Sputnik moment," likening it to the event that sparked the space race.
- **Satya Nadella**, CEO of Microsoft, described DeepSeek's open-source approach as "super impressive," emphasizing the importance of taking developments from China seriously.
- **Demis Hassabis**, CEO of Google DeepMind, acknowledged DeepSeek's model as "probably the best work I've seen come out of China," noting its advanced reasoning capabilities.
- **Oren Etzioni**, former CEO of the Allen Institute for Artificial Intelligence, stated that DeepSeek's advancements are "definitely not hype," highlighting the rapid pace of innovation in the field.

What's the connection between Qualcomm and DeepSeek? It all comes down to the rapid evolution of generative AI.

A Whole New World

In just six months, the AI world has vastly changed. Models are smaller and leaner, delivering powerful capabilities without massive data centers. What took a year now takes months.

A new wave of small, cutting-edge models has sprung up, including Microsoft Phi and Google's Gemini Nano. Many run on Qualcomm's phone chips, demonstrating the firm's lead in on-device AI.

Qualcomm sees big hope in DeepSeek. The firm has shown that lightweight versions of DeepSeek's R1 tool run well on Qualcomm-powered PCs and phones, proving smart AI can work well on consumer-grade hardware.

As AI expands its reach, Qualcomm is set to lead.

Could the U.S.-China trade war hurt Qualcomm?

Maybe, but any trade deal will likely let AI chips cross borders. Since Qualcomm's chips are less powerful than Nvidia's leading Blackwell chip, they might be let into China while the Nvidia chips are kept out – giving Qualcomm an edge.

Qualcomm's push to on-device AI could prove a huge first-move edge over competitors focused on the strongest chips.

But what about the company's numbers? They're great.

- **Return on equity:** 42.11% (way above our 15% bar)
- **Five-year free cash flow growth:** 16.7% (twice our 8% floor)
- **Return on invested capital:** 27.84% (great!)
- **Profit margin:** 26.11% (wow!)

Good numbers, a solid business model with an eye to the future, and a leading edge make Qualcomm very strong.

Action to Take No. 1: Buy Qualcomm (Nasdaq: QCOM) at market and set a 20% trailing stop. We'll add shares to the Growth and Income portion of the Modern Asset Portfolio.

The Fuel Ship King

Moving away from AI but sticking with the U.S.-China trade war... I want to look at the energy shipping sector.

In 2023, China imported \$22.44 billion worth of fuels, oils, and distillation products from the U.S. This means LNG, crude oil, coal, and like goods.

Given Trump's "drill, baby, drill" theme, any trade deal will likely have China buying more U.S. fuel.

More exports to China will help U.S. energy exploration companies, pipeline operators, and shipping terminals. It will also boost companies that move oil, jet fuel, and LNG around the world.

The "23 Enigma": The Most Powerful Monthly Pattern in the Market

On the 23rd of each month, a powerful market anomaly occurs. Now you can learn how to exploit it for potential payouts of as much as \$9,550, \$12,150, and even \$18,400 within a month starting with as little as \$5,000.

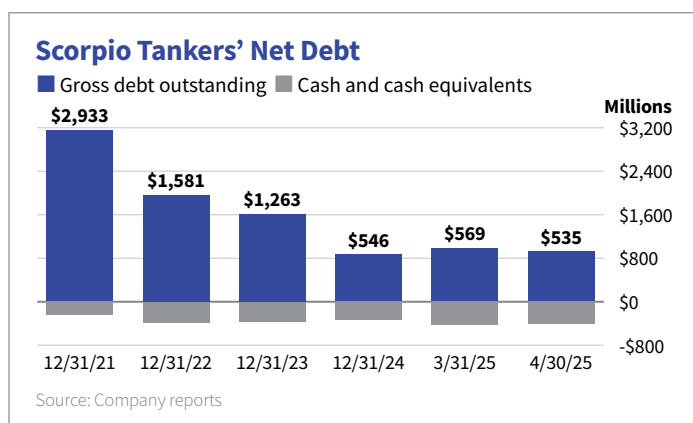
Visit www.The23EnigmaSecret.com to discover this breakthrough strategy today.



That brings me to **Scorpio Tankers** (STNG), which ships crude oil and refined petroleum products worldwide.

Scorpio's fleet ranks among the newest and most high-tech in the field. The mean ship age is 9.1 years, and most have "Eco" builds with tools that let them use cheap high-sulfur fuel. This cuts costs, helps margins, and leads to more profit.

Plus, Scorpio's balance sheet looks great. Net debt has dropped from \$2.93 billion in 2021 to \$535 million as of April 30, 2025.



This cash strength gives Scorpio huge flex.

Even if market rates drop, the firm's low cash break-even points mean it can still make good cash flow. And when spot rates jump, which they've done a lot in past years, the firm can gain big.

For instance, at \$20,000 per day, Scorpio could bring in up to \$271 million a year.

If rates hit \$30,000 per day, that could jump to \$632 million.

At \$40,000, the firm could be looking at nearly \$1 billion, by its count.

That tie to daily rates is one of the coolest facts that Scorpio has going for it.

Let me break it down...

Worldwide, governments have shifted their focus from oil to cleaner choices like green fuels and electric cars. This has pushed down stakes in oil plants.

Global net refining capacity is set to rise by only 2.1 million barrels per day from 2025 to 2029 – 422,000 barrels per day each year – which would be the slowest rate in 30 years.

Refiners must shoulder steep costs in order to meet strict rules, so that slowdown could have major ramifications.

For old plants, the math may no longer work. I think we'll see plants close, maybe more so if global economic conditions soften.

But here's the key point – even if refineries close, that won't kill need.

Shipments are just rerouted, often across seas and over long paths – and that can lead to the higher spot rates that Scorpio can cash in on.

Now let's check the numbers on the company...

Lean, Mean Cash Machine

In the first part of 2025, sales came in at \$204.2 million and non-GAAP profit was \$1.03 per share, both better than what analysts thought.

Scorpio's profit margin is 48.08%, which is very strong.

The five-year free cash flow growth rate (per share) stands at 173.4% – also very strong.

Return on equity and return on funds used are 21.61% and 15.56%, respectively, both above the minimum levels we look for.

Beyond these strong numbers, the firm has bought back \$825 million worth of its shares and paid \$161 million in dividends from the start of 2023 through March 31, 2025. The firm's payout is \$1.60 per share, which at the current price means a 3.82% yield.

Let's buy shares of one of the newest, most fuel-lean fleets in the oil tanker field, which is also poised to see a huge free cash flow push on reduced refinery capacity and higher daily shipping rates.

Action to Take No. 2: Buy Scorpio Tankers (NYSE: STNG) at market and set a 20% trailing stop. We'll hold shares in the Growth and Income portion of the Modern Asset Portfolio.

Buffett Lives On

These two picks reflect the core of Buffett's real way to invest – not just his well-known quotes. Like the Oracle, we're looking for firms with strong cash, long-term edges, and room to grow.

Be it Qualcomm using the AI wave or Scorpio Tankers riding shifts in world fuel flow, we're using Buffett's streetwise tips: Find great firms at fair prices, and set yourself up to gain from strong trends.

As Buffett gets set to pass the torch at Berkshire, his best tip remains true: Big wins come not from strict rules but from strict study mixed with the flexibility to grab good deals when they show up.

That's what we do every month in *Manward Money Report*. And moving forward, we're going to talk a lot more about the key metrics you can use to identify great stocks to invest in.

But we'll take a more modern approach than Buffett's by also looking at technicals, sentiment, and more.

Stay tuned for some big news about how we're going to make it simpler than ever to find the best stocks for your portfolio.

What Buffett Gets Right About the Dollar – And What He Misses

Warren Buffett is one of the greatest investors to ever live.

He transformed Berkshire Hathaway from a struggling textile firm into a \$1 trillion powerhouse.

Since he took over the firm in 1965, its stock is up more than 5,500,000%.

Imagine turning \$1,000 into \$55 million.

He accomplished this incredible feat with a simple approach: buying quality businesses at fair prices and holding them through thick and thin.

As much as I admire the man and his skill, he doesn't get everything right. For decades, he's had a clear blind spot for the U.S. dollar.

Buffett Is Right About One Thing

Buffett understands the long-term dangers of a weakening dollar. In fact, he's said numerous times that unchecked

government spending and inflation pose a serious threat to the future value of our currency.

He's voiced concerns about trillion-dollar deficits.

He's warned that persistent inflation can erode the purchasing power of savings.

He even wrote in a 2021 letter to shareholders that "excessive money printing is the path to ruin."

But here's where he stops short: He doesn't act on it.

For all his concerns about dollar debasement, Buffett still holds most of Berkshire's cash – some \$140 billion worth – in U.S. Treasury bills.

In fact, Berkshire Hathaway currently owns 5% of the entire Treasury bill market.

He still prefers old-world stores of value like **Coca-Cola** (KO) stock over newer alternatives like **Bitcoin** (BTC).

Despite understanding that fiat currencies lose value over time, he's made little effort to hedge that risk in the same way younger, more nimble investors can.

That's where we part ways.

Crypto Was Built for This Moment

In early April, the market was coming apart at the seams.

The S&P 500 had just dropped 14% in three days. The Nasdaq was down over 20% from its highs. Even U.S. Treasury bonds were falling as yields spiked in a panic.

But while equities were in free fall, something interesting happened: Bitcoin didn't flinch. In fact, it rallied.

Bitcoin crossed back above \$100,000, completely shrugging off the turmoil.

Ethereum (ETH) ripped 26% higher.

Altcoins like **Solana** (SOL) and **Chainlink** (LINK) saw smaller but still impressive moves.

Even with volatility rising across the board, the crypto market looked... oddly resilient.

It wasn't a banking panic like 2008. It was a confidence shock – a sudden realization that U.S. economic leadership was becoming erratic, driven by tariff headlines and political brinkmanship.

And in these kinds of moments, people look for alternatives.



Robert Ross

They want assets that don't rely on government stability. They want scarcity. They want digital gold, which is why Bitcoin may have officially "decoupled" from U.S. assets.

Buffett famously called Bitcoin "rat poison squared" back in 2018.

He's doubled down on that sentiment ever since, claiming Bitcoin has no intrinsic value, produces no cash flow, and is "essentially worthless."

But let me ask you something... If Bitcoin is worthless, why are global institutions pouring billions into it?

Why did BlackRock launch a spot Bitcoin ETF (IBIT) that's seen 19 consecutive days of inflows?

Why did **Coinbase** (COIN) just get added to the S&P 500?

Why are U.S. senators proposing stablecoin legislation with bipartisan support?

Buffett sees Bitcoin as a speculation. I see it as an insurance policy.

Frankly, I'd rather hold an asset with a fixed supply, growing adoption, and global liquidity than trust that politicians won't devalue the dollar faster than expected.

Dollar Decline = Crypto Tailwind

Here's another thing Buffett misses: the relationship between the dollar and crypto performance.

Over the past month, the U.S. dollar has quietly started to weaken. That's not just some arcane currency move – it's a massive tailwind for risk assets, especially crypto.

When the dollar weakens...

- It becomes easier to service dollar-denominated debt around the world.
- Global liquidity increases, especially in emerging markets.
- Investors start looking for alternatives with higher upside.

It's no coincidence that Bitcoin bottomed in early April as the dollar peaked – and began climbing as the greenback slipped.

This is what we mean when we say the dollar is "the purest form of global monetary policy." It sets the tone for everything.

The Hedge Buffett Ignores

Let's take a step back for a second.

Buffett likes to own companies with durable competitive advantages, strong cash flows, and big moats. I do too.

But the best investing edge isn't just buying good businesses – it's understanding macro conditions and positioning yourself for where the puck is going.

Right now, that means small caps and crypto.

Take **ThredUp** (TDUP), for example.

I recommended buying the stock at just over \$3 in my trading service, *Breakout Fortunes*, in mid-April. It's now pushing \$7 after crushing earnings expectations.

Revenue was up 20%. Margins improved. And guidance was raised. The market loved it. The position is up over 100% in less than two months.

Then there's **MicroStrategy** (MSTR), which I added to our Crypto Boom Portfolio on April 24. Since then? It's up 22% thanks to Bitcoin leading the rebound.

These are the kinds of trades that outperform when the dollar weakens, inflation expectations rise, and the Fed stays frozen.

Buffett ignores bets on crypto because they don't fit neatly into a discounted cash flow model. And since Berkshire is so large, it can't invest in most small caps without significantly moving their stocks.

But for the rest of us? They offer asymmetrical upside.

Missing the Forest for the Trees

Let me be clear: Buffett is right to worry about the dollar.

He's right to focus on business quality, keep long time horizons, and avoid hype.

But he misses the forest for the trees when it comes to digital assets.

He misses how Bitcoin, Ethereum, and, yes, even regulated stablecoins are building a parallel system that can thrive when traditional systems falter and can grow as trust in fiat currencies erodes.

Crypto isn't a get-rich-quick scheme. It's a hedge against wanton government money printing and currency debasement.

More than anything, it's a call option on a very different financial future.

So while I'll always respect Buffett's discipline and track record, I won't be following him into Treasury bills and Coca-Cola shares in 2025.

Not when I see the writing on the wall. Not when Bitcoin is holding strong in a storm. And not when the dollar is quietly cracking.

There will come a day – maybe five years from now, maybe 10 – when Buffett's dollar concerns come full circle...

When inflation isn't "transitory"...

When America's political volatility finally has real economic consequences.

When that happens, I don't want to be holding a portfolio full of cash and consumer staples.

I want exposure to crypto projects like Bitcoin, Ethereum, and Solana...

To small caps like ThredUp, **Innodata** (INOD), and **Aris Water Solutions** (ARIS)...

To companies with real innovation and explosive potential.

The world is changing faster than ever.

As much as I love Buffett's approach... sometimes you need to pivot. Because the dollar decline is real. And so is the opportunity to profit from it.

But Wait... There's More!

Keep reading the June issue online for portfolio highlights and more!



Visit www.manward.co/june2025.

Alpesh Patel's Ratings Corner

The TJX Companies (TJX)

Overview

The TJX Companies is a leading off-price retailer of apparel and home fashions with well-known brands such as T.J. Maxx, Marshalls, HomeGoods, and Winners.

It's creating a competitive advantage by using AI to make buying and pricing decisions, predict what customers want, create personalized shopping experiences, optimize store layouts, catch fraud, and run more energy-efficient buildings.

Key Metrics

Market cap	\$110B
Current price	\$133.34
Fair value	\$115.39
✓ Forecast P/E	29.6
✓ CROCI	19.4
✓ Return on equity	58%
✓ Volatility	7.6%
✓ Return alpha	6%
✓ Sortino ratio	1.32

Strengths

- ✓ Its revenue growth and profitability projections are strong.
- ✓ It pays a 1.27% dividend that is well covered by earnings.
- ✓ It has a resilient business model, proven across economic cycles.

Alpesh's Rating: A

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