



Want to Invest Like Warren Buffett? Start With “Wonderful Companies”

Description

Warren Buffett isn't just a wonderful investor, businessman, and philanthropist. He's an incredible teacher who's helped hold the hands of a countless number of retail investors who have decided that they want to take control of their financial situation by managing their own investments.

There's no question that jumping into the world of do-it-yourself investing can seem daunting at first, especially with intimidating advisors in suits throwing around complex terms to make you surrender your capital without a full understanding of the real costs involved with investing in a fund.

As an individual investor in the modern age, you've got ample resources at your disposal and an excellent mentor in Buffett who can help shape you into the investor you want to become.

There's no question that Buffett has made his followers, either through **Berkshire Hathaway Inc.** or adopters of his “Buffettarian” value investing approach, very rich over the years. As a Buffett follower myself, the guidance he's provided through his public commentary, annual letters to shareholders, and books based off his philosophy were invaluable when I first dipped a toe into the retail investing waters.

In a time when excessive trading activity is encouraged, many investors are just making their brokers rich, as the average holding period of a stock continues to diminish. Buffett's buy-and-hold philosophy still holds to this date, and for many new investors, his philosophy puts things in perspective at a time when it's hard not to be overwhelmed.

In the end, you're owning pieces of businesses, not just some ticker symbols and their associated numbers flying across your television. The sooner you adopt this way of thinking, the sooner you'll be able to invest in wonderful businesses, as Buffett does.

The best part is that Buffett's strategy applies to any market under many circumstances. In Canada, market-crushing businesses like **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) draw similar comparisons to the [“forever” positions](#) within Buffett's portfolio.

If you, like Buffett, want to own pieces of businesses for decades at a time, then you'll have little issue

beating the markets consistently with proven dividend-growth stocks at the core of your portfolio. While valuation is always essential, it's just as important to consider how "wonderful" the business behind the stock is in comparison to its peers in the space.

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price." Buffett once said.

I believe both CN Rail and TD Bank are the best of their breed and are worth any premium relative to their peers and given their respective track records; investors should relish the opportunity to purchase additional shares of either company in the event of a dip. If you're a new investor looking to construct your portfolio, you may wish to build a position in such wonderful companies over time gradually.

Stay hungry. Stay Foolish.

CATEGORY

1. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:TD (The Toronto-Dominion Bank)

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