



## Warren Buffett's Top 4 Tips for Successful Investing

### Description

Warren Buffett is one of the best investors in history. From 1957 to 1968, his partnership generated annual returns of around 30%. Afterwards, he established **Berkshire Hathaway**, which went on to achieve 20% annual returns for more than three decades, roughly double what the **S&P 500 Index** returned.

If you're going to learn how to invest, it's best to pay attention to Warren Buffett. Few (if any) investors can match his success. Here are four pieces of advice from Buffett himself.

### Cash is king

In 2011, Buffett shared some advice from his grandfather. "I have known a great many people who at some time or another have suffered in various ways simply because they did not have ready cash. I hope it never happens to you."

Most investors are scared to grow a cash pile, especially when markets are rising. Yet cash is irreplaceable. When markets dip, the vast majority of people don't have ample dry powder to take advantage of screaming bargains. Suffering due to capital loss is tough, but not being able to take advantage of once-in-a-lifetime deals is yet another form of suffering.

Have enough cash to stay afloat during tough times. Also be sure to have enough cash to *take advantage* of tough times.

### Trust the process

When times are good, everyone wants in on the action. But, as the saying goes, a rising tide lifts all boats. When that happens, it's tough to tell who is good and who is simply lucky.

“You never know who’s swimming naked until the tide goes out,” Buffett has said. That is, when good times go sour, you get a clear picture of who was simply lucky.

To be good isn’t always easy. During the late 1990s, Buffett was criticized for not taking advantage of the dot-com craze. Years later, his conservative approach was proven superior, but he had to make it through a long stretch of underperformance. Trust your investing process and don’t get caught upstream without a paddle.

## Stay long

“Our favourite holding period is forever,” says Buffett. He doesn’t always hold a stock forever, as even the king of investing makes mistakes every now and then. Yet when it comes to long-term stock picks, Buffett leads the pack. Some of his most famous investments, including **American Express**, **Wells Fargo**, and **Coca-Cola** have been multi-decade holdings.

At a time when many hedge funds and mutual funds experience annual turnover of more than 100%, Buffett continues to take the long view. Judging by his leading investment record, you’d be wise to follow his example.

## Do the work

At the end of the day, no one is going to ensure your financial future for you. It’s up to *you* to make it happen. Invest in yourself by building skills and doing the required research. When an opportunity presents itself, take advantage.

“Invest in as much of yourself as you can. You are your own biggest asset by far,” Buffett says. “Anything you do to improve your own talents and make yourself more valuable will get paid off in terms of appropriate real purchasing power.”

If you want to build long-term wealth, start the necessary work *today*.

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