



## How to Invest in Stocks Like Warren Buffett Does?

### Description

Investing in stocks successfully requires a long-term approach and patience. Despite all the hue and cry of making quick bucks by investing in stocks, I strongly believe that successful investors become partners in companies and remain invested over the long horizon.

The world's most successful value investor of our times, [Warren Buffett](#), has a similar approach to investing. He finds value in the companies whose stocks are depressed but whose underlying businesses are strong.

With that, he also sees if his target stock has a durable economic moat, meaning that the company commands a competitive advantage that's hard to penetrate for any new player.

With this general theme, he buys and holds stocks over the long run, which is the main reason that the cash pile at his investment firm is increasing.

In the third quarter, Warren Buffett's company was holding a cash balance that grew to a record \$128.2 billion — up from \$122.4 billion in the prior quarter and \$23 billion a decade ago.

With that kind of cash, some of his long-term investments are also showing strong performance, with his top banking stocks staging a nice rebound in 2019.

Warren Buffett's sizeable stock bets on financials like **Bank of America**, **Wells Fargo** and **U.S. Bancorp** are breaking out this quarter.

Only Wells Fargo — up 20.9% year to date including dividends and other income — is underperforming the broad **S&P 500** in 2019, according to a recent report on CNBC.

## Warren Buffett stocks to buy

Bank of America and U.S. Bancorp have returned 35.7% and 32.5%, respectively, this year after big bounces starting in October. The **S&P 500**, including dividends and other payments, is up 25.7%.

If you want to build your portfolio that could give a lot of passive income, you can also follow his value investing style.

You can buy Canadian stocks with a wide economic moat and undervalued due to some short-term factors. By identifying such stocks and investing in them, you can build a portfolio that has the power to give your regular returns in the shape of dividends and capital gains.

In Canada, I often advise investors to buy the nation's top banks when their shares take a hit. Canadian banks are great income-producers for long-term investors and they have very diversified operations.

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), for example, makes 30% of its income from the U.S., where it's among the largest 10 lenders.

Apart from the banks, you can also invest in integrated energy companies like **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)). The North America's largest pipeline operator is in a good position to take advantage of North America's strong energy economy. The company operates across North America, fuelling the economy and fulfilling consumers' energy needs.

[Enbridge](#) moves nearly two-thirds of Canada's crude oil exports to the U.S., transports about 20% of the natural gas consumed in the U.S., and operates North America's third-largest natural gas utility by consumer count.

Another reason to keep a top dividend stock like Enbridge in your portfolio is that when interest rates fall, these stocks become more attractive.

Given the increasing risks to global growth following the U.S.-China trade dispute, the Bank of Canada may soon follow the U.S. Federal Reserve's footsteps and decide to cut rates.

## Bottom line

There's no quick way to make money in the stock market. But if you're patient with a long-term investing horizon, then you can follow successful investors like Warren Buffett and start building your portfolio with the types of stocks we discussed earlier. This approach will help you stay focused and create some wealth.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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