



How Warren Buffett (and Followers) Will Get Even Richer in This Market Sell-Off

Description

In four short days, the **S&P 500** went from all-time highs to being down 12%, with the **S&P/TSX Index Composite Index** (TSX: OSTPX) getting shut down intraday over a “technical halt.” The negative momentum is undoubtedly [vicious and unforgiving](#) for those who’ve bought the dip with the hopes of a V-shaped rebound. With no bottom in sight, the bear may finally come out of hibernation over the coming weeks.

But [don't say you weren't warned](#), and please don't tell me that you weren't at least partially prepared for the last four days of selling hell.

Just over a week ago, **Goldman Sachs** released a ridiculously timely correction warning right before the global markets collapsed. If you took Goldman's advice by prudently taking a bit of profit (and risk) off the table with your biggest winners and ensured your portfolio had low-correlated defensive positions, your portfolio would still have taken a beating this week, but probably far less than that of the broader indices. And more importantly, you'd have more cash to go on the hunt for the bargains that are being served up left, right, and centre.

Warren Buffett had also been gearing up for a market sell-off for the record books (the **Dow Jones Industrial Average** suffered its worst single-day decline in history shedding 1,200 points on Thursday) as demonstrated by his swelling cash hoard (which currently sits at \$128 billion), his low-correlated fourth-quarter stock buys (a grocer and a biotech), and a considerable amount of share sales across the board.

Patience is a virtue

At age 89, Buffett is still a ridiculously patient man. Like so many times in the past, his patience is finally paying off, as there are now “swingable” pitches being thrown his way. with the markets now between correction territory and a bear market.

Buffett saw the froth gradually developing on his holdings for many months now, so he prudently trimmed his holdings and adjusted his risks accordingly while maintaining his long-term bullish stance.

You may be rattled from the recent 12% drop, but you've got to put your negative feelings behind you if you're going to use this market sell-off as an opportunity to get ahead. For young investors, in particular, this sell-off is a setback, but it's also potentially a generational opportunity to get rich the way Warren Buffett and his followers have for decades.

Foolish takeaway

Buffett has been criticized harshly by the mainstream financial media for **Berkshire Hathaway's** recent bout of underperformance. He has urged investors to be patient ad nauseam, but his words of wisdom are often dismissed as overly simplistic, outdated, or even shallow by many of his critics. Still, time and time again, he ends up proving his doubters wrong.

Amid the chaos, the Oracle of Omaha may be putting his cash to work as we speak.

So, if you're going to invest like the greatest investor of our generation, it's time to hold your nose and do some buying over coming weeks as the rapid decline in the appetite for stocks will pave the way for abundant opportunities to pay two or three quarters to get a dollar.

Stay patient. Stay hungry. Stay Foolish.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date

2025/08/10

Date Created

2020/02/28

Author

joefrenette

default watermark