



Warren Buffett Advice: Buy These TSX Investments

Description

Warren Buffett is the world's greatest investor and someone that many people look to for advice. His take on investing, the stock market, and the economy as a whole is well thought out, forward looking, and resonates with investors all over the world.

Investors have listened to what he has said in regard to value investing and buying stocks for years, whether it's advice on what types of business to buy and what to look for in companies, or advice on when to buy stocks and how to invest with a margin of safety.

Warren Buffett has given a lot of quality information over the years that investors have used to make better long-term investing decisions.

Warren Buffett's advice

One piece of advice that Buffett has often talked about is his admiration of index funds for passive investors. However, this piece of advice seems to be less popular than a lot of his other suggestions. Perhaps this is because frequent readers of Buffett want to use his ideas and strategies to stock pick, which is great.

For Canadians who don't have the time or know-how to stock pick though, Buffett believes that index funds present an incredible opportunity, to help savers and investors grow their money as best as possible.

Passive investments

The intuition behind Buffett's belief in index funds comes from his long-term belief in our economies long term.

So, at times like these, when indices around the world are trading at steep discounts, it presents a major long-term opportunity.

Investors can buy these index funds and then sit back and watch their money grow over the years, as the economy inevitably comes back stronger and continues to grow long into the future.

Furthermore, just because you are settling for index funds as an investment and not actually stock picking doesn't mean you are destined for lower and less-attractive returns. Stock pickers still have to pick the best stocks and beat the market (the return of indices).

Even if somebody knows what they are doing when it comes to stock picking, if you underperform index funds over long periods of time, you'd be better off just buying these funds and investing passively.

This is the main advantage of index funds. They are essentially a bet that the economy will continue to grow over the long term — something that our economy has always been able to do.

Two index funds to buy

Two index funds to consider investing in during this current [market crash](#) are the **iShares Core S&P/TSX Capped Composite Index ETF** and the **iShares Core S&P 500 Index ETF (CAD Hedged)**.

Both funds offer investors exposure to hundreds of stocks, creating a super-low-risk way to invest across North America.

It's important that even though you are getting diversification from the ETFs, you still buy more than one and diversify your investments geographically as well.

This way, if one country or one geographic area faces short-term headwinds, your index funds from other countries can pick up the slack and help to mitigate the losses.

Warren Buffett recognized a while back how powerful these index funds can be for passive investors. Anyone with the money and discipline can buy these funds undervalued and hold them while they grow over the long run.

Taking a long-term approach to anything you do in investing is key, since that's the only way you can guarantee capital appreciation.

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