



Warren Buffett: Invest for the Long Term

Description

Warren Buffett is renowned for his investment success due to the incredible amount of money he has made in his lifetime. By creating no product or service at all, the Oracle of Omaha managed to amass one of the largest fortunes in the world by simply buying and selling investments.

Some people don't know that 99% of the wealth that Buffett has accumulated in his life, he made after his 50th birthday.

Compound interest

This isn't because he suddenly became a better investor as he got older; it just has to do with the laws of compounding, which Buffett understood from an early age.

Another thing about Buffett that many investors may not know is that throughout his career, he has been heavily criticized at times for doing things in stark contrast to the rest of the market. However, following almost every time this has happened, Buffett has proven to be right.

Think like Warren Buffett

As we enter a period of uncertainty, it's paramount investors harness Buffett's mindset. It can be difficult to buy stocks or predict where the market might be over the next 12 months. The length that economies will be affected and to what degree remain up in the air.

Buffett, however, wouldn't care about any of this. Instead he would be scouring the market for the best deals available. Whether or not this lasts weeks, months, or longer, in the long run the economy will recover.

That is the bet that Buffett has made whenever a black swan event has impacted markets in the short term, and that's what has been the key to his success his entire life.

A Warren Buffett stock

One stock that has been heavily sold along with the rest of the market but has better prospects than almost any company on the TSX is **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)).

Brookfield Asset Management is a massive Canadian conglomerate. The company is an asset manager like the name suggests as well as an investment company.

It sources deals all over the world, investing in distressed companies it can get undervalued. The process isn't finished there, though. It then uses its operational expertise to improve the operations of the company and its assets.

Investing in distressed companies on its own is a good strategy. But when Brookfield steps in and controls its own destiny by improving the assets, it severely boosts the potential returns.

And when the businesses Brookfield has invested in are ready to return capital to it, the company takes that cash and reinvests it in a new opportunity.

This strategy has worked wonders for Brookfield and helped it to increase its stock price by more than 450% from 2010 to 2020.

Over the last few weeks, however, with the major [market crash](#) all around the world, Brookfield has become extremely attractive.

Not only has the stock come down 33% from its highs as of Wednesday's close, but it even briefly traded below \$50 midday Wednesday — nearly a 45% drop. If the market crash continues, Brookfield could continue to lose more value and quickly become too cheap to ignore.

Plus, with high stress on numerous companies around the globe, Brookfield has a flurry of new potential deals for it to invest in at these depressed prices.

Bottom line

There's no telling what the stock may do in the short run and whether or not it will get cheaper. What we do know is that if you buy Brookfield for the long term, you won't be disappointed.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)

PARTNER-FEEDS

1. Business Insider
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