



## 1 Warren Buffett TSX Stock to Buy Today

### Description

Warren Buffett is one of the greatest, if not *the* greatest, investors of all time. His ability to grow and compound money over his lifetime is second to none. When you think about all the money he has made only buying and selling investments, the feat is truly remarkable.

He has an incredible record of performance over more than half a decade, where he continuously earned roughly 20% annual gains over the long term.

### Buffett's strategy

His success in investing comes down to two main reasons. The first main reason is the time at which he buys stocks, which is most often when companies are being sold off irrationally. He basically does it mostly in market environments like the one we are seeing now.

Buying during these troublesome times give investors great opportunities and sets them up to make massive long-term gains. A stock that is 50% off its highs for example, can provide essentially twice as much return in the long run.

Buying undervalued, however, doesn't matter if you aren't buying the right stocks. Buffett likes companies that have solid long-term fundamentals and a business model that will be around for decades to come.

Of course, Buffett's incredible intelligence also played a major role in his success. However, the majority of his success came down to buying the best long-term companies at the best prices possible.

Buying top companies at the wrong times can still be successful, but the returns won't be nearly as large. Conversely, buying stocks undervalued can make you money too, but you could drastically increase your returns if you buy the right stocks that will outperform the rest over the years.

That's why it's paramount to wait for the best TSX stocks to go on sale. Then once the stocks have hit your target buy price and you feel they have high-quality value, it's time to make the investment.

Oftentimes, it can be difficult to finally pull the trigger, as you might worry there will be more losses in the short term. That fear could be devastating, however, which is why investors should stick to their target buy prices and think only of the long term.

## A Buffett stock

One TSX stock that is an investment Warren Buffett would be making in this environment is **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)).

Buffett has always loved railroads, and why not? They are great businesses to own. CNR passes the first Buffett test in that it will be around for years to come. Buffett has said that investing in railroads is like a bet on the entire economy. This is similar to his advice to passive investors to buy [index funds](#).

Railroads are one of the most efficient modes of transportation, which is why they continue to be at the heart of our economy, transporting major number of products each year.

The second Buffett test CNR passes is, the company has a long history, it's a strong company, and the management is top notch. These are all key factors you want to see in a business, especially one you plan to own for years.

Lastly and most importantly, the company is financially sound. This is of the utmost importance especially in the current environment, as it's quite unclear what the future holds.

## Bottom line

CNR is the lifeblood of the Canadian economy. And no matter what, the Canadian and North American economies will eventually come back stronger. Whether this environment lasts weeks, months, or longer, eventually the economy will recover.

So, investors who are buying high-quality companies like CNR can be confident in what they are buying and in knowing that regardless of what happens next, in the long term, they will be successful.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

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### Date

2025/08/17

### Date Created

2020/03/20

### Author

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