



## Warren Buffett's Advice on How Investors Should Respond to the Coronavirus Pandemic

### Description

If only we could go back to 2019, when the stock market reached several new highs during the year. Had we known then what we know now, most of us would have made adjustments to our portfolios to protect some of our gains from the last several years.

But as the Oracle of Omaha, Warren Buffett, says, "In the business world, the rearview mirror is always clearer than the windshield."

### What we can learn from Buffett during this stressful time

Buffett has long been known as a value investor. Value investing revolves around buying stocks that appear to be trading for less than their intrinsic or book value. Typically, the share prices of these companies does not correspond to the company's long-term fundamentals. Rather, the prices may be the result of the market's emotional overreaction to current headlines.

In 1962, Buffett acquired textile company **Berkshire Hathaway** and converted it into a holding company in which he built a corporate empire. Buffett is a sort of jack-of-all-trades when it comes to industry knowledge. Over the decades, Berkshire Hathaway has bought, held, and sold companies in a diversified array of industries.

Currently, Warren Buffett's top 10 holdings are **Apple, Bank of America, Coca Cola, American Express, Wells Fargo, Kraft Heinz, JP Morgan, US Bancorp, Moody's, and Delta.**

### How to invest like Buffett

One of Buffett's most recent stock buys was **Amazon**. He has said that he wished he had bought the stock sooner, but he didn't fully realize the company's potential. While he missed a lot of gains by not investing in Amazon earlier, Buffett believes in the company's long-term performance.

For Canadian investors, we have a similar company trading on the TSX: **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)). While Amazon provides its users a single place to search for a product and see all of the items for sale that match the search description, Shopify uses a different business model.

Shopify created the first platform built specifically for independent retailers. The company provides individuals and small businesses an easy-to-use, single platform to design, set up, and manage their stores across multiple sales channels, including social media, mobile sites, pop-up shops, and traditional brick-and-mortar locations.

Over the last five years, sales at Shopify have [risen by 70% per year](#). Sales are expected to continue growing by at least 40% over the next five years. Globally, e-commerce sales topped \$3.5 trillion in 2019. By 2023, digital retail sales are expected to surpass \$6.5 trillion.

While Shopify's share price of \$590, as of this writing, is down from its 52-week high of \$786, the stock is still up over 11% year to date, even with the dramatic drop in stocks over the past month.

## The bottom line

Warren Buffett is a long-term investor. One of his most memorable quotes is, "If you don't feel comfortable owning a stock for 10 years, you shouldn't own it for 10 minutes."

Buffett practices what he preaches. He has owned stock in American Express, Coca Cola, and Wells Fargo for over 25 years.

If you too are a long-term investor like Buffett, consider adding Shopify to your portfolio, especially while its trading at a steep discount to its previous price.

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cdye

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