



## 1 Way to Invest Like Warren Buffett in 2020

### Description

Warren Buffett has built a reputation as a legendary investor over his long and storied career. Because of this, many have sought to emulate his investing style and his stock picks. Early last month, I'd discussed how investors could aim to [act like Buffett in a bear market](#).

Today, I want to discuss Buffett's famed investing style. Moreover, I want to look at three stocks that fit within that framework and look like attractive purchases in early April. Canadian lockdowns look like they will stretch on for months, which means investors should continue to expect volatility in the near term. This also means that you will have ample time to hunt for bargains.

### Warren Buffett's style: Value investing

Value investing involves buying securities that qualify as being underpriced, according to fundamental analysis. This strategy derived from the investment philosophy first taught by Benjamin Graham and David Dodd at Columbia Business School in 1928.

Warren Buffett is the most high-profile proponent of this investment style. Buffett has said that, at its essence, value investing involves buying equities at less than their intrinsic value. He has pushed simple rules, such as "finding an outstanding company at a sensible price." Buffett has bet big on U.S. stocks for most of his career, but I'm going to try to apply his philosophy to some Canadian staples today.

### One oversold dividend stock

This past week, I'd discussed [two heavyweight dividend stocks](#) that looked like bargains. Let's look at three more dividend stocks that value investors may want to consider right now.

**Gildan Activewear** manufactures and sells a range of apparel products in North America and around the world. Shares of Gildan have plunged 45% month over month as of close on April 2. This rout has wiped out over five years of gains.

The company will see a slowdown due to the COVID-19 outbreak. This will include the closures of production plants through the middle of April. In 2019, Gildan's net sales, adjusted diluted EPS, and free cash flow were all in line with its full-year guidance. Gildan stock last had a favourable price-to-earnings (P/E) ratio of 9.8 and a price-to-book (P/B) value of 1.3. It last paid out a quarterly dividend of \$0.134 per share, which represents a strong 4.9% yield.

## Two bargains in struggling sectors

Canada's energy sector has been throttled due to collapsing oil prices. Warren Buffett added to his position in Canadian energy giant **Suncor Energy** in previous months. However, there was positive price movement late this week, as U.S. president Donald Trump indicated that the Saudi-Russia price war could be curtailed.

**Imperial Oil** stock has dropped 41% over the past month. The company boasts an excellent balance sheet. It is Canada's second-largest integrated oil company, which makes it a reliable target in a turbulent sector.

Shares last had a favourable P/E ratio of six and a P/B value of 0.5. Imperial Oil last paid out a quarterly dividend of \$0.22 per share, representing a 5% yield.

**Ag Growth International** manufactures and distributes equipment in the agricultural sector. Its stock has fallen 64% in 2020 so far. In 2019, Ag Growth posted trade sales of \$999 million over \$934 million in the prior year. However, its adjusted EBITDA fell marginally to \$144 million, and its profit was nearly halved to \$14 million. A weak macro environment in North America contributed to this year-over-year decline. However, it is a quality company that fits within Buffett's value investing framework.

The company's products, services, and technologies have been declared an essential service. Shares of Ag Growth last had a P/E ratio of 20 and a P/B value of 0.8, which puts it in good value territory relative to industry peers. Ag Growth last declared a cash dividend of \$0.20 for the month of March. This currently represents a monster 15% yield.

### CATEGORY

1. Dividend Stocks
2. Investing

### PARTNER-FEEDS

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

**Category**

1. Dividend Stocks
2. Investing

**Date**

2025/08/14

**Date Created**

2020/04/05

**Author**

aocallaghan

default watermark

default watermark