



Warren Buffett Advice: Buy These 2 TSX ETFs Right Now!

Description

Warren Buffett has been one of the world's top investment moguls for several decades now. Buffett, also known as the Oracle of Omaha, is famous for creating long-term wealth by betting heavily on equities. He continues to remain bullish on the stock market, which should cheer several investors in these uncertain times.

Buffett has been a successful value investor. Over the years, he has identified stocks that are cheap and trading at prices below their intrinsic value. Investors who have followed this strategy or replicated the stock buys of the business tycoon have benefitted to a large extent.

Buffett has always claimed that you need to invest in businesses that you understand. Investors need to spend a considerable amount of time reading the balance sheet and other financial statements of companies to make an informed decision.

However not every investor has the time or expertise to go through a company's financials and understand the different types of ratios. In this case, Warren Buffett has regularly stated that index funds [are the best bet for passive investors](#).

While investing in index funds is not as exciting as picking individual stocks, they are much safer and provide enough diversification to generate long-term wealth.

When you buy index funds you generally bet on the country's economy. Sure, there are economic cycles and recessions that make equity investments volatile, but markets continue to bounce back and touch record highs.

Warren Buffett has also stated that investors need to be greedy when others are fearful, which means you need to buy stocks when others are selling and the ongoing bear market provides a tremendous opportunity to build a solid portfolio.

There are different types of index funds that investors can buy and then sit back and watch their investments grow and compound their wealth. Here we look at two such exchange-traded funds.

Warren Buffet is bullish on the S&P 500

In several interviews, Warren Buffett has spoken about the performance of the **S&P 500 Index**. This index has a basket of the top 500 companies south of the border. Canadian investors can look to invest in the **iShares Core S&P 500 Index ETF** (CAD-hedged) that aims to replicate the S&P 500.

This [low-cost index fund](#), "Seeks long-term capital growth by replicating the performance of the **S&P 500** hedged to the Canadian Dollars Index, net of expenses." The top holdings in this fund include **Microsoft, Apple, Amazon, Facebook**, and **Johnson & Johnson** that account for 5.8%, 5.1%, 4.3%, 1.8% and 1.7%, respectively, of the ETF.

In case investors want to invest in dividend-yielding stocks, they can consider the **iShares S&P/TSX Canadian Dividend Aristocrats Index ETF** with exposure to high-quality dividend-paying companies. These companies have increased dividends in each of the last five consecutive years and provide monthly dividend payouts.

The top companies here are **TransAlta Renewables, BCE Inc., Enbridge, Choice Properties** and **Innervex Renewable Energy Inc** with forward yields of 6.3%, 5.7%, 7.9%, 5.5%, and 3.8%, respectively.

The Oracle of Omaha recognized the power of index funds a while back. Investing in these two funds provides investors with geographic diversification as well.

However, investors need to take a long-term approach to equity investing in order to build significant wealth and benefit from the power of compounding.

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