



Warren Buffett: The Top TSX Stock to Buy

Description

This weekend was an important one for long-term investors. Warren Buffett's company, **Berkshire Hathaway**, held its annual [shareholders' meeting](#), and, as usual, it was worth watching. Warren Buffett spent a tonne of time giving investors his opinion and commentary.

As much as this is something you should always pay attention to, this year was especially important to get the world's greatest investor's take on recent events.

A lot of what Buffett said was not surprising. One of his strongest attributes is the consistency in his thinking and the sound logic that it's based off.

So, without further ado, here are the top pieces of advice from this weekend's meeting for **TSX investors** to consider.

Warren Buffett's cash pile grows

One of the biggest headlines of the meeting was Warren Buffett's growing cash pile. As of year-end 2019, Berkshire had roughly \$128 billion in cash. That cash pile has grown once again, as Buffett stays on the sidelines and digests the new economic environment.

The fact that Buffett hasn't made any significant purchases yet points to the fact that he hasn't seen anything too attractive. It's also likely he could be waiting for another market crash.

The market is looking like its due for another crash before things get better. However, it's worth noting that due to this being unprecedented, Berkshire has taken an extra cautious approach.

Warren Buffett's thoughts on airlines

When Buffett bought the airlines, the decision was strong. It was worth it to invest at those valuations based on the free cash flow the businesses were earning.

What happened this year was completely unforeseen. So, the fact that he lost money in airline stocks is more of a fluke.

What's most interesting, though, is that Berkshire is done with those stocks completely. There is a strong chance it will take years for the travel industry to recover, with people scared to fly and the uncertainty of when borders will open back up.

If that's the case, the industry could face a significant secular decline for years. This goes for airlines as well as airplane makers, as there is a tonne of excess capacity now all around the world.

Bet on the economy long term

Warren Buffett thinks America will overcome this. Nothing can stop America and its long-term growth.

This is the basis for Buffett's long-term investing strategy. And he has proved over his more than 50 years as CEO of Berkshire Hathaway that betting on America long term is the best way to be successful.

With that being said, here's the top TSX investment Buffett recommended this weekend.

Warren Buffett's top TSX investment

Warren Buffett offered his advice during the meeting on what he thinks the best investment for average investors. However, this investment is not a stock. Rather, Buffett thinks average investors will be better off investing in the S&P 500, essentially a diversified, long-term bet on America.

This isn't just an investment for American citizens, however. In Canada, investors can buy the **iShares S&P 500 Index ETF CAD Hedged** ([TSX:XSP](#)).

The XSP ETF is perfect for Canadian investors to gain exposure to the growth in the U.S economy and stock market without having to worry about foreign exchange risk.

Buffett has always given strong advice on long-term investing, and this is the top security he would recommend to retail investors.

You could also buy an ETF that tracks the TSX as well if you want exposure to the Canadian economy. However, I wouldn't only buy the TSX ETF without exposure to the S&P.

The S&P 500 is considerably more diversified, so investors with exposure to the XSP ETF can be comfortable owning the fund for years.

Bottom line

Warren Buffett is the greatest investor of all time; however, even more importantly, he is the best teacher to follow. The incredible advice he offers on long-term investing is priceless information.

So, keep these considerations in mind when making your next investment; they come from the greatest investor of all time.

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1. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

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