



## Follow Warren Buffett and Keep Investing in a Turbulent Market

### Description

Warren Buffett is a global icon. A mastermind in the investing world, the Oracle of Omaha has generated massive wealth over the last few decades. He is one of the few investors to have successfully outperformed the broader equity markets. When in doubt, you can look to Buffett's investing strategies.

This year, the COVID-19 pandemic has decimated stock markets all over the world. Lower consumer spending and business shutdowns have led to a spike in unemployment rates. The global economies might plunge into a recession, as the dreaded virus takes a toll on most sectors.

In these uncertain times, investors are rightly worried. The stock indexes wiped off billions in investor wealth since they peaked in mid-February this year. However, as we know it is impossible to time the equity markets. For example, the **iShares S&P/TSX 60 Index ETF (TSX:XIU)** fell 36% in less than a month. Since March 23, it has risen 34% and is currently trading 14% below record highs.

Investing is a long-term play, and Warren Buffett has time and again stated this importance. In one shareholder letter, Buffett famously claimed, "If you aren't willing to own a stock for 10 years, don't even think about owning it for 10 minutes."

## Warren Buffett bets on the economy

For investors who do not have the time and expertise to pick standalone stocks, [passive investing](#) is a good bet. You can invest in ETFs such as XIU that have exposure to the large-cap Canadian companies.

XIU's top holdings include **Shopify, Royal Bank of Canada, Toronto-Dominion Bank, Enbridge,** and **Canadian National Railway**; they account for a cumulative 30.6% of the ETF.

For Canadians who want diversification, [investing in](#) the **Vanguard S&P 500 Index ETF** is ideal. This fund replicates the S&P 500, which is one of the most popular indexes in the world. It gives investors an opportunity to have top-quality stocks such as **Apple, Amazon, Microsoft,** and Google in their

portfolios.

If you are betting on index funds, it means you are bullish on the economy. The Canadian economy is fundamentally strong and has survived recessions over the years. It has always managed to bounce back after a temporary crisis and indexes continue to touch record highs.

Warren Buffett stated, in the last century, the United States experienced two world wars, the Great Depression, a flu pandemic, and multiple recessions. It is still the largest economy in the world.

So, for investors with a buy-and-hold strategy, every major dip in the stock market is a buying opportunity.

## Berkshire Hathaway also has a huge pile of cash

Warren Buffett-owned **Berkshire Hathaway** ended the first quarter with \$137 billion in cash. This suggests that company management thinks stocks are still overvalued. In the last month, Berkshire dumped airline stocks and exited the capital-intensive sector.

The investment behemoth also reduced stakes in **Goldman Sachs** and **JP Morgan**. However, Buffett remains invested in most other stocks and is betting on a market recovery. In case the market corrects significantly, Warren Buffett can leverage Berkshire's large cash position to buy quality stocks at a cheaper valuation.

If you are an avid investor, you can re-balance your portfolio. You can also keep some capital aside in case you are bearish on the market in the short term. But as stated before, timing the market is not advisable, and a 15% market decline is still an attractive opportunity for investors.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
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### Date

2025/08/25

**Date Created**

2020/05/29

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