



3 Ways to Invest Like Warren Buffett This Summer

Description

The COVID-19 pandemic has rattled the global economy and confounded some investors in 2020. In the 2007-2008 crisis, legendary investor Warren Buffett made savvy moves that paid off big over the next decade. Buffett made investments in **Goldman Sachs** and **Bank of America**, the latter of which totalled \$5 billion at a nice discount.

During this crisis, some have suggested that Buffett may be losing his touch. He [bailed on his airline bet](#) in the middle of the spring and has been content to sit on the sidelines. Regardless, Warren Buffett has proven his mettle over a long and storied career.

Today, I want to discuss three ways investors can emulate the legend in 2020 and beyond.

Warren Buffett and value investing

[Value investing](#) is an investment strategy that involves buying securities that appear under-priced according to fundamental analysis. Warren Buffett is one of the most influential proponents of this style — a strategy that served him well in the wake of the 2007-2008 financial crisis.

In 2020, investors have been forced to act quickly to market volatility. Fortunately, there are still some attractive discounts on the **TSX**.

Sun Life Financial is an insurance and financial services company that offers nice value right now. Shares have dropped 13% in 2020 as of close on June 17. However, the stock is up 11% over the past month.

Shares last possessed a favourable price-to-earnings ratio of 12 and a price-to-book value of 1.3. Moreover, Sun Life last declared a quarterly dividend of \$0.55 per share, which represents a solid 4.4% yield.

Buffett's bank stock bet in the late 2000s and early 2010s paid off hugely in the years to come. **Toronto-Dominion Bank** and its peers are trading at a discount as we approach the summer season.

Shares of TD Bank have dropped 12% in 2020, but the stock is up 12% month over month.

TD Bank stock last had a P/E ratio of 10 and a P/B value of 1.2. This is attractive value territory relative to industry peers. The bank last paid out a quarterly dividend of \$0.79 per share, representing a strong 5.1% yield.

Target sectors with good long-term potential

More than his success as an investor, Warren Buffett is also renowned for his optimism. When the COVID-19 outbreak began in North America, he continued to reiterate his long-term faith in the United States economy. History has shown that the U.S. and Canadian economies are resilient.

While this is certainly a time of crisis, investors should not retreat into despair. Instead, target promising sectors like healthcare and technology.

Be patient in these trying times

Some investors have been critical of Warren Buffett's apparent reticence in 2020. When it comes to investing, patience is a crucial trait, especially in a turbulent market. Panic selling during market retreats, such as what we saw in the late winter and early spring, will only see you realize losses.

A lack of patience can also hurt investors in a bull market. **Kinaxis** is one of my favourite stocks on the **TSX**. Its shares have surged 82% in 2020 as of close on June 17.

I'm bullish on Kinaxis in the long term, but this is a high valuation in a hot market. Value investors should be content to wait on better prices even if we miss out on near-term gains.

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