Warren Buffett: How to Get Rich in the Next Market Crash

Description

Warren Buffett's favourite indicator flashed some worrying signs over the past month. The so-called Buffett Indicator takes the combined market capitalizations of publicly traded stocks worldwide and divides the figure by global gross domestic product. In August, the Buffett Indicator rose to a 30-month high.

Predicting the timing of a market crash is almost always a fruitless endeavour. However, it does not hurt to be prepared in an overvalued market. Warren Buffett came out of the 2007-2008 financial crisis stronger than ever. Today, I want to look at how investors can emulate his style and picks in the second half of 2020. That way, they could also come out of a future correction in better shape than they entered it.

Warren Buffett: Bet on gold in 2020

Warren Buffett shocked the investing world when **Berkshire Hathaway** added a $562 million position in **Barrick Gold**. Historically, Buffett has been dismissive of gold as a store of value compared to the broader market. The spot price of gold has surged to record highs in 2020. This may have spurred an about-face for Buffett, or it may be a one-time deal. In any case, I'm bullish on the yellow metal right now.

Kinross Gold (TSX:K)(NYSE:KGC) is a top Canadian gold producer. Its shares have soared 91% in 2020 as of close on August 20. In Q2 2020, Kinross saw adjusted net earnings more than double from the previous year to $194 million or $0.15 per share. Meanwhile, adjusted operating cash flow climbed 45% to $416.9 million.

Better yet, this gold stock still possesses a favourable price-to-earnings (P/E) ratio of 12 and a price-to-book (P/B) value of two. Investors on the hunt for gold exposure can follow in Warren Buffett's footsteps by adding Kinross today.

Continue to employ value investing strategies

Warren Buffett is one of the foremost proponents of value investing. As I'd discussed, the broader market is showing signs of overvaluation right now. However, there are still some rock-solid options for value investors on the TSX.

Canadian Western Bank is a regional bank stock that has an impressive track record as a dividend payer. It last increased its quarterly dividend to $0.29 per share, which represents a 4.8% yield. Canadian Western has delivered dividend growth for over 25 consecutive years.

Shares of Canadian Western have climbed 13% over the past three months. The stock is still in the red for the year so far. It last boasted a very attractive P/E ratio of 7.9 and a P/B value of 0.7. This is a fantastic stock to add today, and it adheres to Warren Buffett's value investing philosophy.

Polaris Infrastructure is a top renewable energy company on the TSX. Its stock has increased 23% in 2020 as of close on August 20. In the year-to-date period ending Q2 2020, Polaris has reported adjusted EBITDA of $32 million compared to $30 million in the prior year.

Does Polaris fit with Warren Buffett's value investing model? You bet. Its stock last possessed a P/E ratio of 8.4 and a P/B value of 0.8. This puts Polaris in very attractive value territory relative to industry peers and the broader market. Better yet, it offers a quarterly dividend of $0.15 per share. This represents a strong 5.4% yield.

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