



3 Evergreen Warren Buffett Quotes to Help You Invest Better!

Description

Warren Buffett just turned 90 over the weekend. We'll take a look at three evergreen quotes from the Oracle of Omaha to help you invest better. Buffett has been one of the most popular investors on Wall Street in the last six decades, and his investment strategies continue to be watched closely. Over the years, Buffett has advised investors to help them grow their wealth multifold.

Buy stocks when they are cheap

One of Warren Buffett's [most famous quotes](#) is, "We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful." This basically means investors need to be ready when a market crashes to buy quality companies at a discount.

For example, energy stocks such as **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) fell by a significant margin in the COVID-19-led sell-off. Energy companies were hit by lower consumer demand, oversupply, and a price war between Saudi Arabia and Russia.

Enbridge stock fell from \$57.32 in February 2020 to \$33 in March 2020. This 42% decline in stock prices should have been viewed as a buying opportunity, as the stock has recovered close to 30% to currently trade at \$42.65 a share.

Focus on quality companies

Warren Buffett once said, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price." So, just because a company has declined by a significant margin does not mean it is worth buying.

Consumer tech companies south of the border such as **Fitbit** and **GoPro** have continued to burn investor wealth, despite trading at low valuations. These stocks are unlikely to beat the broader market, even after trading 90% below their record highs due to low profit margins and tepid revenue growth.

While Enbridge has recovered since the sell-off, it continues to remain attractive due to the company's huge market presence and a diversified asset base.

Warren Buffett's focus on long-term investing

Warren Buffett has generated billions by taking a long-term view on equities. The power of compounding cannot be understated. The Oracle of Omaha advised, "Someone's sitting in the shade today because someone planted a tree a long time ago."

You need to identify companies that have strong financials and robust cash flows, and that have survived multiple recessions. Companies such as Enbridge are somewhat recession-proof and have managed to build wealth for long-term investors.

Enbridge is an energy infrastructure giant with a dividend yield of 7.6%. The company has managed to increase its dividends [at an annual rate of](#) 13% in the last 10 years. If you invest \$10,000 in Enbridge stock, you can generate \$760 in annual dividends.

Further, if Enbridge is able to increase dividends by 7% yearly, annual dividends will increase to \$2,300 at the end of 20 years, after accounting for reinvestments. You can see that quality dividend-growth companies can generate a predictable stream of passive income and also increase investor wealth via capital appreciation.

Enbridge has generated annual returns of over 10% in the last decade after considering its juicy dividend payouts. The stock remains a solid buy for the upcoming decade as well, and it has enough liquidity to help it through the ongoing macro-economic weakness.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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