Forget Warren Buffett Stocks: Beginners and Retirees Should Buy This Cheap $12 Growth Stock Instead

Description

The ongoing pandemic has made it difficult for investors to spot investment opportunities in the market. Most new investors — especially with no financial background — try to follow the legendary investors, such as Warren Buffett, to build their portfolios. However, this approach has many drawbacks and potential risks. Here are some of them.

Warren Buffett's investment approach

Undoubtedly, Warren Buffett is one of the best value investors alive today, and his consistently growing investment portfolio is more than enough to confirm this fact. According to *Forbes*, he is currently the fourth-richest person on the planet with an $83.1 billion net worth. His fairly simple investment approach and ability to spot great investment opportunities are two of the many qualities that make market beginners follow him.

One drawback of blindly following Buffett

Nonetheless, most of his followers seemingly don't benefit much by instinctively buying stocks that Buffett owns. For example, Buffett's value investment approach focuses a lot on buying cheap stocks at the right time. And if you don't wait for the right time to buy the shares of fundamentally stable companies, then it isn't value investing anymore.

By the time you try to buy all the stocks that Buffett bought in the last quarter — you're already too late to place your bets.

Another risk

While his overall portfolio is primarily based on the value investment approach, not all the stocks Buffett owns trade at cheap valuations. For example, when his investment firm **Berkshire Hathaway** bought **Apple** stock for the first time in 2016, it was already trading at lofty valuations.

These are some of the reasons — I believe — that increases the risks for new investors when trying to follow Buffett's investment approach. These risks become more significant for people who are investing in stocks to plan their retirement.

One cheap $12 growth stock to buy

Kinross Gold (TSX:K)(NYSE:KGC) is a Toronto-based gold and silver miner. Its stock is currently trading at $11.60 as of September 14. In the last few quarters, Kinross Gold's revenue-growth rate has substantially improved.

In Q2, the company reported US$1 billion and revenue with a solid growth rate of 20.2% year over year (YoY). This sales growth rate was significantly higher as compared to just 8.1% a year ago. This higher revenue-growth rate — along with other factors — more than doubled Kinross Gold's adjusted earnings in the latest quarter to US$0.15 per share.

Diversify your investment portfolio

While the global market saw a massive sell-off starting in March (due to the pandemic), a sharper recovery followed in July and August. A rally in tech stocks primarily drove this market recovery. The tech rally made most tech companies' already lofty valuations skyrocket further. That's why new investors and retirees shouldn't bet on these tech firms right now.

If you already own any of these tech stocks, then you may want to diversify your portfolio immediately to avoid downside risks, as the market remains highly volatile. Don't forget about a crash that we saw in the tech sector earlier this month.

Why Kinross Gold is a great investment option

When it comes to diversifying your portfolio for difficult times, what's better than investing in a gold and silver company like Kinross Gold. In tough times, the demand for these precious metals tends to go higher.

With the ongoing pandemic, fears of a second wave, increasing unemployment rate, and rising worries about a global economic slowdown, you can expect the demand for gold and silver to remain intact in the near to medium term. That makes Kinross Gold stock more attractive right now.

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2. Metals and Mining Stocks
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