
Warren Buffett: The Subtle Art of Investing During a Recession

**Description**

Legendary investor Warren Buffett once said that if he didn't become a millionaire at age 30, he was going to jump off the tallest building in Omaha. He reached the $1 million mark around that age, and by age 43, his personal net worth stood at $34 million. At 56, Buffett had $1 billion in fortune.



The financial wizard has lived through recessions and perfected the subtle art of investing during downturns. Buffett is not one to predict or time the market. His reaction to a frightening market is straightforward. He chooses long-term value over short-term gains.

## Conservative approach

When people were selling their holdings at the height of the 2008 financial market, Buffett made his move. He advised, "Be fearful when others are greedy and greedy when others are fearful." His conglomerate **Berkshire Hathaway** took a $5 billion position in banking giant **Goldman Sachs**.

As a result of the big move, his empire earned $500 million a year in dividends. Buffett is always ready for a value buying opportunity, provided he understands the business. Investors can adapt to the same strategy. When the market is unstable, pick established companies supported by strong businesses with sustainable competitive advantages.

## Buying opportunities

Warren Buffett has witnessed eight recessions in his investing career. Nonetheless, the GOAT (greatest of all time) of investing realized market-crushing returns through 50 years. He stayed away from the market for most of the COVID-induced crash in March 2020 but dispatched holdings in businesses with irreversible downtrends.

Berkshire Hathaway is utilizing its vast cash stockpile in the third quarter of 2020. Thus far, the company has deployed almost $20 billion. Buffett usually ignores market noise or predictions. He surveys the environment and identifies potential volatility.

The second wave of coronavirus would trigger volatile swings but could also present profitable buying opportunities. You can take long-term positions in blue-chip companies, as Buffett is doing. Most of them are stocks you can hold forever.

## Deep moat

**Royal Bank of Canada** (TSX:RY)(NYSE:RY), the largest Canadian bank and a top-five global wealth manager by asset size, is a safe dividend stock in a recession. This $142.79 billion bank has been paying dividends since 1870 — 60 years before Warren Buffett was born.

The price tanked to $69.73 on March 23, 2020, but has recovered since. RBC currently trades at $100.40 per share, a year-to-date gain of 2.25%. If you invest today, the bank stock pays a 4.26% dividend. A $75,000 investment will produce $798.75 in quarterly income. Also, the income stream could be for life.



RBC is the bank of more than 17 million clients in Canada and the U.S. and 34 international markets. Its digital user base is also growing, with seven million active users to date. There are three compelling reasons to invest in RBC: its rich heritage, formidable asset base, and strong technology foundation.

## Let the GOAT of investing be your guide

Warren Buffett's investing experience is stretching towards seven decades. It's hard to beat his market success, but his nuggets of wisdom can guide you when investing during a recession. Learn to practice the art of raking in profits amid a declining market.

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