



How Can You Be Your Own Warren Buffett?

Description

What if the legendary investor Warren Buffett starts managing your investment portfolio? Man, what a day would that be! Forget the returns, the level of sophistication he would bring to your portfolio will certainly be unmatched.

Warren Buffett and his investing values

We have grown used to seeing and reading about his investment philosophies all these years. Investors following his advice and investment actions have made enormous wealth over time. What if we manage to mirror his decision-making and investing values while managing our own funds?

One does not need a huge capital outlay to create a fortune. Though he sports a big-billionaire hat today, Warren Buffett started small and focused on discipline and a long investment horizon.

In his 40s, his net worth was close to US\$40 million, while today, after 50 years, the number has grown to more than US\$80 billion. Warren Buffett hardly sells any investment in the short term. As his famous saying goes, "If you don't feel comfortable holding a stock for 10 years, you should not hold it even for 10 minutes."

Warren Buffett began his position in **Coca-Cola** in 1988, and it is still one of the largest holdings of his investing conglomerate **Berkshire Hathaway**. This investment generates \$1.75 million in dividends daily!!

Overcoming panic and greed

In March 2020, global stock markets crashed as investors panicked amid the dreadful pandemic. He educates investors to be fearful when others are greedy and greedy when others are fearful. Warren Buffett remained invested with the portfolio's core holdings during the crash and sold off aviation and some other weaker stocks.

Interestingly, Buffett's Berkshire Hathaway is currently sitting on a [cash pile](#) of more than USD \$145 billion. Everyday investors might get carried away with such plenty of resources in hand and could compromise on the investing ethos.

However, Warren Buffett has stayed on the sidelines and avoided any big purchases in the last few years. He's been playing it safe all these years and could be waiting for some big opportunity.

As he once stated in a letter to shareholders, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

Does he see another market crash?

However, I don't think he expects another market crash. Berkshire Hathaway has been betting big on Canadian integrated energy company **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). Despite the gloomy outlook for the energy sector, the investing conglomerate has raised its position in Suncor Energy stock in 2020.

Suncor has a presence in the entire energy supply chain and could be Buffett's one of the top recovery plays for 2021. At 4%, Suncor pays [stable dividends](#), which Buffett is a big fan of.

Buffett insists on investing only in those companies that are easy to understand. He devotes plenty of time to reading and investigating financial reports of the companies. But this would be very tedious for novice investors.

They don't have time and expertise to understand the financial lingo. Buffett thinks index funds are apt for these kinds of investors.

An index fund is a basket of stocks that provides coverage to the entire broader market. Instead of picking specific top-performing stocks, index funds give a combined, diversified representation.

Index funds

Canadian investors can consider **iShares Core S&P 500 Index ETF** ([TSX:XSP](#)) (CAD hedged) if you want to bet on the top companies south of the border. The fund has **Apple**, **Facebook**, and **Amazon** among its top holdings.

It has returned more than 250% in the last decade, including dividends. Index funds like XSP provide diversification, stability and decent return potential.

Warren Buffett might never handle our investments directly. But if we follow and implement his investing values, it will certainly make us better investors.

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1. Coronavirus
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1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)
3. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

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