



Warren Buffett: His 2 Top Lessons From the Pandemic

Description

Warren Buffett has been investing for 79 years. The once reject of Harvard Business School is 90 years old yet still steering **Berkshire Hathaway** in the COVID world. The legendary investor admits to learning two lessons from the pandemic.

In the recent virtual **Goldman Sachs** 10,000 Small Businesses event, Buffett bared his [thoughts on the 2020 health crisis](#). He compared the pandemic that rocked the world to a hurricane. Still, the GOAT of investing maintains his unwavering faith in America.

A challenge facing small businesses

According to Buffett, the scale of the pandemic is a threat to small businesses. He said, “You’ve run into a headwind. It’s more like a hurricane in a country that’s generally supplied a tailwind to entrepreneurs and to its citizenry in general.” The Berkshire chairman added that small businesses generally need plenty of help. Whether the administration is Democrat or Republican, it must go to work to help small businesses, because they are the country’s future.

Efforts to stabilize the economy

Buffett also praised the Federal Reserve’s efforts to stabilize the U.S. economy. He said, “They did exactly what they should have done because we were developing truly major problems in financial markets.” The value investor likes the rapid response when COVID-19 struck in spring. He was quoted as saying, “The clouds will go away. The government should help them go away and in a hurry.”

Same challenge and response in Canada

Small businesses are also the heart of communities in Canada, because they create jobs and grow economies. However, the pandemic hit them hard. As of October 2020, the \$12 million Canada United Small Business Relief Fund has been available to support Canadian businesses across different

sectors and industries with grants of up to \$5,000.

The federal government responded swiftly to combat the pandemic. On March 25, 2020, parliament passed the COVID-19 Emergency Response Act (Bill C-13) that contains various emergency relief measures. New legislation (COVID-19 Response Measures Act) followed on October 2, 2020, creating three new temporary recovery benefits to support Canadians. The Employment Insurance (EI) system got a facelift, too.

Invest in great companies

Here is Warren Buffett's advice when investing in challenging times: "If you owned the businesses you liked prior to the virus arriving, it changed prices, but nobody's forcing you to sell." He said do not lose sight of your long-term goals if your investments are in [great companies that can manage adversity and hardship](#) much better than mediocre ones.

Canadian Imperial Bank of Commerce's ([TSX:CM](#))([NYSE:CM](#)) sturdy balance sheet and strong financial position allows it to endure prolonged economic meltdowns. One piece of proof is CIBC's 152-year dividend track record. The fifth-largest bank in Canada has been paying dividends since 1868.

On March 23, 2020, bank stock tanked to \$64.42, but the share price has risen since. At present, shares of CIBC are trading at \$109.48 — a 70% rally from its COVID-low. If you invest today, the dividend yield is 5.84%, while the payout ratio is 67.44%. This blue-chip asset can be a core holding in your stock portfolio.

Sagely wisdom

Warren Buffett's nuggets of wisdom are guides for investors. The man has been through the worst recessions and is now navigating the current pandemic. It would not hurt to heed his investment advice.

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