



Warren Buffett: Invest ALL of Your Money in This

Description

Warren Buffett isn't known for giving stock tips. While market analysts spend a lot of time trying to figure out what he likes based on his SEC filings, the fact is he rarely recommends anything to individual investors. For decades, Buffett's tight lipped tendencies were 100% reliable. The Oracle of Omaha never gave a single stock tip for many years. Presumably, he always believed in **Berkshire Hathaway** stock, but never actively recommended that investors buy a stock he was buying.

But recently, Buffett started making one exception. He began recommending one investment that he believed every average investor should make. And he even put his money where his mouth was.

So what is this investment, and why does Buffett like it so much?

Index funds

[Index funds](#) are pooled investment funds that hold a broad cross section of a major stock market index. By investing in the market as a whole, they dramatically reduce risk. When you don't have all your eggs in one basket, the risk of losing it all is lowered.

In recent years, Warren Buffett has been recommending index funds to individual investors. Touting their safety and reliability, he has described them as investments you can buy and forget. Just recently, Buffett actually bought an index fund for Berkshire Hathaway—specifically the **SPDR S&P 500 Index Fund**.

Index funds like SPY are among the few investments Buffett actively encourages you to buy. And there are plenty of good ones available for Canadian investors.

A great Canadian index fund

If you're a Canadian investor who prefers to invest your money in Canada, then there are plenty of good index funds to choose from. Of course, you could always buy Buffett's favourite, SPY. But there

are tax advantages to investing on your home turf—so Canadian ETFs are worth looking at.

One Canadian ETF that's definitely worth a look is the **iShares S&P/TSX 60 Index Fund** ([TSX:XIU](#)). It's a **BlackRock**-sponsored fund that holds the 60 largest Canadian stocks by market cap. With XIU, you get built-in diversification, a relatively high dividend yield, and low risk—all in exchange for a low 0.18% fee.

With index funds like XIU, it's hard to lose. Sure, you can see your holdings fall in a [market crash](#), but history shows that those are temporary. An individual stock can climb to \$0, but a broad market ETF will always hold its own.

Of course, with a fund like XIU, you won't multiply your money by 10 overnight. But you could get a "slow and steady" return of 10% annualized. Over time, that could really start to add up. Before long, you might find yourself doubling your money—or more.

And if you think Warren Buffett is someone worth emulating, you can rest comfortably knowing that this investment has the Buffett seal of approval.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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