



## Warren Buffett: Time to Plan for a 2021 Stock Market Crash

### Description

If there is one thing Warren Buffett's philosophy has taught me, it is how to master the markets rather than be mastered by them. Learning to manage my actions in the stock market rather than letting markets dictate my reactions has transformed my investment strategy. Warren Buffett is not only a master of investing, but a master of psychology. The Oracle of Omaha once stated, "Success in investing doesn't correlate with IQ ... what you need is the temperament to control the urges that get other people into trouble in investing."

### Be smart like Warren Buffett by mastering your temperament

The point is, you don't need to be the smartest investor! You just need to have the greatest self-control. If you are worried about [another stock market crash](#), the best thing you can do is step back, like Warren Buffett, and understand the rationality of the markets. Right now, with rampant speculation on IPOs, SPACs, and crypto, they don't feel very rational. In fact, with the way things are heading, it wouldn't take much for stock markets to correct or crash to some extent in 2021.

### Another market crash? Get your game plan on

If you are concerned, then it is time to get your game plan on. Take a hard look at your portfolio. Do you only own stocks that are up just because they are the latest craze on the market? Or do you have a diversified portfolio equipped with *real* businesses?

I'm talking businesses that have great balance sheets, robust profits, ample free cash flows, and long tailwinds that support enduring growth. It's important to ask these questions before the market crash. As Warren Buffett has said, "Only when the tide goes out do you discover who's been swimming naked."

Nobody wants to be in that unfortunate situation. So, start planning now how you will react when markets get ugly. You can act in fear and sell at the worst possible time. Or you can get proactive, make a plan, and stick with it through the good and the bad. Oftentimes, sticking to your plan means

you are ready to invest when markets are at their worst. Warren Buffett built his fortune doing this, and so can you.

## Buy Warren Buffett stocks that thrive in any market

If there was one TSX stock that embodied this mentality, it would have to be **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). Like Warren Buffett, BAM has adopted a contrarian investment ideology. If markets or economies look ugly, BAM looks beyond the short-term issues and sees the long-term opportunities.

Now one of the largest alternative asset managers in the world, BAM has grown by taking advantage of the *worst* economic markets. It has done it time and time again. In 2009, during the Great Recession, when most investors were running for the door, BAM was buying distressed assets at a fraction of their intrinsic value. This “opportunity” (depending on how you looked at it at the time) fuelled annualized returns of over 17% for the next decade!

Today, both analysts and management have indicated that [BAM is operationally and financially in its best position yet](#). It has a strong balance sheet, ample liquidity, and a huge opportunity to expand its fee-bearing earnings. Interest rates are low, and BAM is the perfect partner to manage and invest capital for institutions. All we need is a rough market, and BAM should be able to fuel another 10 years of strong returns — the Warren Buffett way!

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