



Why Warren Buffett Probably Isn't Worried About a Stock Market Crash in 2021

Description

Many investors are worried about a possible market crash happening this year. And with soaring valuations and COVID-19 still impacting the economy, it's a valid concern. If stocks fall rapidly in value, that could destroy portfolio values and send investors into a panic. You might think billionaire investor Warren Buffett would be among the many looking to prepare for a market crash and protect his assets.

My bet is that he isn't.

Buffett doesn't concern himself with the short term, and his investment strategy spans [decades](#) rather than even years or months. And while you may contest that a crash isn't a small thing and can be long term, it can also be very quick — just look at the last market crash in March of last year that was largely over within a month. In a recent interview with *CNBC*, Buffett said, "I don't think I can make money by predicting what's going to go on next week or next month," but that "I do think I can make money by predicting what will go on in the next 10 years."

But it isn't just his investing timeframe that matters. He simply isn't a risky investor to being with. Buffett isn't investing in crypto or highly speculative stocks the way younger, more risk-tolerant investors might. Big names like **Coca-Cola**, **Mastercard**, and **Apple** are common in **Berkshire Hathaway's** portfolio. Even Calgary-based **Suncor Energy** is in there.

These are examples of companies that have strong businesses that will survive the next market crash. Sure, their shares might fall 10% or 20%, or even more. But they'll also likely recover. Unless there's some reason their businesses will significantly change, they're likely to continue producing strong results in the years ahead.

If you have patience and invest in safe, blue-chip stocks like Buffett does, then you won't have to worry about a market crash. That's the big advantage of investing in these types of stocks. While they might not all have the potential to rise sharply in value the way high-risk penny stocks might, they're also not likely to hurt your portfolio's value over the long term.

Why other investors should be worried

Many investors aren't like Buffett, and the reality is that they should be concerned about a crash, because if they're focusing on the short term, there could be some real pain up ahead. If you've invested in Bitcoin or some hot tech stock that's quadrupled in value in just the past year, now may be a good time to re-assess just how safe your portfolio is in the event of a market crash. Focusing on value investments that are trading at modest multiples can minimize any damage and maximize the odds that they'll recover after a crash.

[Dividend stocks](#) can also be good options to buy right now. Some of the big banks pay more than 4% per year in dividends. They can help you earn some recurring income during a downturn, and they're also among the safest investments you can over for the long haul.

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