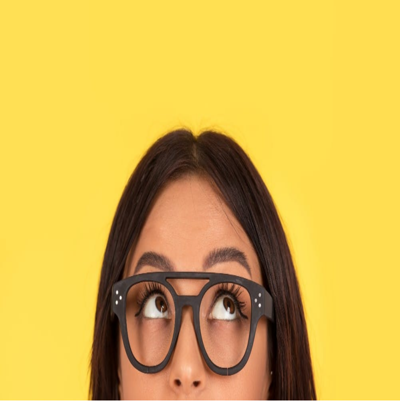

Charlie Munger: Returns to Be Lower in Next 10 Years — Here's What to Do About it

Description

The stock market looks expensive to a lot of people. Many folks have been calling for a correction for months. The "imminent" correction still hasn't landed yet, and it may not hit until far later than expected. You see, just because a stock market is a tad on the frothy side does not mean it can't get frothier before Mr. Market deems it's time to cut the extra froth right off the top.

Like a pendulum, the stock market can swing to the overbought and oversold side. Just because we're in "frothy" territory does not mean it's justified to "time the markets" over the near term.

It's always a good idea to take profits off the table with your biggest winners. It's not okay for investors to take on extreme stances because of what someone reputable said on television about where they think the markets are headed next. Nobody can time the markets — not even the great Warren Buffett. You see, Buffett didn't make his fortune by timing the markets; he made it by prudent investment and compounding over the long term.

The market tides could get much rougher, but you should stay invested anyway!

As Warren Buffett's right-hand man Charlie Munger once put it, "Sometimes the tide is with us, and sometimes against. But we keep swimming either way."

Both Munger and Buffett are going to stay swimming (staying invested with the long term in mind), regardless of what direction the tide is headed or whatever surprises that people think Mr. Market will have in store for us investors over the near term.

Even in this horrific pandemic and potentially lower prospective returns over the next decade, it pays dividends to keep on swimming by staying invested. By selling everything just because you're not a fan of the economics of the situation, you'll stop swimming. And you're more likely to sink, even withmarket crashes, corrections, and all the sort taken into account.

Charlie Munger recently stated that he sees market returns being lower in the next decade than the last. But don't count on him to sell all his shares because he's invested through more than his fair share of challenging environments. He and many other legendary investors have swum to great lengths, and it's the ability to persevere when the tides get rougher that I believe separates great investors from the rest of the batch.

TSX stocks that Warren Buffett and Charlie Munger are still bullish on

In an environment where prospective returns aren't as high, you can either compensate by taking on more risk to improve your returns potential, or you can look for deep value in areas of the market that most others wouldn't care to look at.

Warren Buffett is a magnificent value investor, and he loves scooping up shares of wonderful businesses that nobody else wants to touch. **Suncor Energy** (TSX:SU)(NYSE:SU) is one such TSX-traded value stock that's fallen drastically out of favour of late. While nobody knows if the man will add to his stake following the stock's latest decline, I think Warren Buffett fans ought to think about nibbling into a position while shares are still trading near their book value.

Sure, green energy is the "sexy play" these days. And many millennials wouldn't touch fossil fuel stocks with a barge pole. But there's still no denying the value to be had in a name like Suncor. Robust operating cash flows and the severely depressed price of admission make the name, even with its slate of headwinds, worth betting on for those looking for excess risk-adjusted returns over the long haul.

Green energy may be the future. But Suncor's operating cash flows aren't going to zero anytime soon. If you're like Warren Buffett and think the stock is oversold, now may be time to scoop up shares, as WTI prices continue surging past the US$60 mark.

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