



Warren Buffett: 3 Buy-and-Hold Stock Investing Tips to Get Rich

Description

Many of Warren Buffett's stock holdings are huge. His largest holding, **Apple** stock, currently has a market cap that's almost US\$2.3 trillion.

However, it's important to note that many of the stocks Buffett owns were not necessarily big when he first bought them.

Look for dividend stocks with strong growth

One of Buffett's oldest holdings is **Coca-Cola**, which is his third-largest holding right now. His first purchase in the non-alcoholic beverage company was in 1988. Coca-Cola stock has a market cap of US\$218 billion today. But when Buffett first bought the stock more than 30 years ago, KO stock had a market cap of less than US\$12 billion.

While it's nice to buy blue-chip Dividend Aristocrats like Coca-Cola when they're attractively priced and hold for dividend income, your portfolio could grow bigger faster with smaller but wonderful businesses that can be the next Coca-Cola or **American Express**, which is also one of Buffett's oldest holdings.

I believe **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) is a young **Berkshire Hathaway** that has [strong growth potential](#). Its value-investing approach in quality assets and businesses is similar to that of Berkshire's. However, BAM is involved on the operational side as well. Specifically, it utilizes its operational expertise to improve the assets and businesses it acquires.

This is reflected in its long-term outperformance. Since 2003, BAM has delivered annualized returns of 17.7% on the **NYSE** versus Berkshire's 9.3% and the **S&P 500's** 8.6%. In other words, BAM has been a 19-bagger since 2003, turning \$10,000 into about \$191,928!

BAM only yields 1.2%, but it has been raising its dividend and reinvesting the retained earnings to further grow its global franchise. Its five-year dividend-growth rate is about 7%, which is pretty good given that it aims for 12-15% returns on its investments.

That is, it's better off for long-term shareholders that the company is putting more of its retained earnings to grow the business instead of paying it out as dividends.

Two Warren Buffett quotes for the buy-and-hold investor

"I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for five years."

The recent Reddit-pumped stocks of **Gamestop**, **AMC Entertainment**, and **BlackBerry** make the stock market seem like a casino. Traders would follow the momentum of these types of stocks and aim to take swift profits by making multiple trades a day. Thank goodness most of the stock market isn't like that.

Warren Buffett's investing style shows a stark contrast. He aims to buy and hold wonderful businesses for a much longer timeframe. The above Warren Buffett quote suggests that he never tries to make quick money from the stock market. In fact, he aims for a holding period of at least five years.

"Buy a stock the way you would buy a house. Understand and like it such that you'd be content to own it in the absence of any market."

People often buy a house, aiming to own it for decades. Buffett thinks it's wise to look for stocks with underlying wonderful businesses that you would be happy to own for a long time, as if the stock market didn't exist.

Personally, I'm thankful for the presence of the stock market. It allows us to buy great businesses like Brookfield Asset Management when it goes on sale like in March 2020, from which it has already appreciated more than 47%.

BAM will continue to [grow faster than Berkshire](#), which makes it a great buy-and-hold investment. What are you waiting for?

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