



Warren Buffett: The Best Stocks for Beginner Investors

Description

Whenever you start to save and invest your money, you'll have ambitions of buying top stocks, just like Warren Buffett. The feeling of watching your money work for you and grow is like no other. Replicating Buffett's returns is the ultimate goal for many investors, especially when they start out.

The harsh reality, though, is that investing takes a lot of time and dedication if you want to pick your own stocks. The only way to find high-quality businesses that the market is missing is by researching and finding information that others don't have. And if you want to do good research, it's very time consuming.

Not only is it time consuming just to [research several stocks](#) today to decide which ones to buy, but you also have to constantly keep up with the businesses you own.

It's crucial to pay attention to developments with the operations, any changes in the economic situation, and anything else that may impact your investments.

This is a painstaking process, and while some people can make it work with less time, it's still risky when you don't have time to keep up with your business's developments.

That's why Warren Buffett suggests investors buy index funds.

Warren Buffett: Investors should buy index funds

Warren Buffett has advised retail investors on multiple occasions that the best thing to do with their capital is to invest in an index fund. These passive investments are great for retail investors especially. Your money can grow at a significant pace, all with minimal effort and time spent researching investments.

Why is this so attractive, though? When you invest in index funds, you're investing in the broader market. This is ideal for long-term investing, because as long as the economy and stock market are growing, so will your investment.

Finding high-quality stocks that can outperform the broader market over the long term is very difficult. There are investment professionals who spend 40 hours a week or more watching financial markets, and even they have a hard time picking the right stocks to beat the market consistently.

For retail investors trying to research on their own time, it's extremely difficult to be successful. That's why Warren Buffett advises these investors to consider index funds instead.

Top index funds to buy

Canadian investors looking to gain exposure to the broader Canadian market can consider a fund like **iShares S&P/TSX 60 Index ETF**. This fund is ideal, because it gives investors exposure to 60 of Canada's most prominent stocks from each of the 10 major industries.

If you had to choose just one index fund to gain exposure to, though, I would recommend investors consider **iShares Core S&P 500 Index ETF (CAD- Hedged)** ([TSX:XSP](#)).

The XSP offers far better diversification. On top of getting exposure to over 500 of the biggest stocks in the U.S., many of these companies have operations all over the world. This makes the XSP a great stock to give investors a wide range of diversification as well as exposure to some of the highest potential stocks in the world.

The S&P 500 is the index that Warren Buffett recommends the most. [Buffett](#) is one of the smartest investors of all time, so when he gives advice, it pays to listen.

If you find you don't have the time to do all the research and pick your investments, choosing index funds is your best bet. You can invest solely in index funds or alongside some of your favourite stock picks.

They aren't the most exciting investments, but over the long term, they are reliable. And they will likely end up outperforming most stocks investors choose anyway.

CATEGORY

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POST TAG

1. Editor's Choice

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1. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

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