



Warren Buffett: Forget Bitcoin, Get Rich This Way!

Description

Warren Buffett once smartly stated, “You are neither right nor wrong because the crowd disagrees with you. You are right because your data and reasoning are right.” Given the stock market hysteria we have seen in recent weeks/months, this statement couldn’t be more meaningful.

Warren Buffett: Don’t trust the crowd, trust your reasoning

It seems like every week there is a new “crowd” funded trade, whether it be **Bitcoin**, **GameStop**, or cannabis stocks. Yet, investors that want to grow long-term wealth need to be cautious. Even though a stock might be a market darling, it isn’t necessarily a good long (or even short-term) investment. Warren Buffett has often warned against short-term, short-sighted trading and speculating.

A great example is the Canadian cannabis stock frenzy a few years ago. It was one of the most popular trades in the world. Yet suddenly, when the real industry fundamentals came to light, the trade ended up in smoke (pun intended).

To Warren Buffett, data, reasoning, and self-control matter the most when investing. Does your investment data align with your investment reasoning? Does the stock you invest in have a real business that not only holds value today, but long into the future?

If it does, then you are probably on the right track. If you aren’t sure, take a step away from the crowd, and let the facts speak for themselves. Some extra time studying the data could save you from a lot of pain.

Lots of reasons to like this steady-eddy stock

Given this, one Canadian stock that aligns data and reasoning the Warren Buffett way is **Brookfield Infrastructure Partners** ([TSX:BIP-UN](#))([NYSE:BIP](#)). While it's certainly not as exciting as Bitcoin, but investors can't complain against compounded annual average returns of 21% since 2011. That's a 638% total return if the dividends were compounded!

This stock is the ultimate thesis of "get rich in a boring, defensive manner." BIP owns, manages, and acquires essential infrastructure assets across the globe. Regardless of anything that happens on the stock market, these assets enable our modern society to operate.

Consequently, over 95% of its fund flow streams are contracted or regulated. It pays a well-covered (60-70% payout ratio), 3.9% dividend that has grown consistently by 5-10% a year.

Warren Buffett: Deploy capital when things are going down

Warren Buffett once said, "The best chance to deploy capital is when things are going down." BIP took that to heart recently by making an acquisition bid for **Inter Pipeline** ([TSX:ITP](#)) for \$16.50 a share.

On Monday, [it announced its intent to formalize that bid](#). Prior to BIP's bid, the stock was trading 42% below its January 2020 levels and wasn't getting much love from the market. Frankly, many investors have avoided the stock due to Inter Pipeline putting most of its "eggs in one basket," building its risky (and pricey) Heartland Petrochemical Complex.

To me, Inter Pipeline (if accepted) would be a very attractive acquisition for BIP. It already has significant midstream and pipeline assets across Canada and the U.S., with potential for large operational and geographic synergies.

While Inter Pipeline's management has balked at the valuation offered, their pursuit to find an investment partner in the Heartland project has so far been fruitless. Ultimately, [the Brookfield empire](#) makes for an ideal candidate to make that project work.

BIP is a Warren Buffett dream entity. It is well capitalized, exceptionally managed, and skilled at capital allocation. While the ITP deal is its most recent acquisition pursuit, BIP sees ample organic and acquisition growth opportunities for 2021. The ITP deal could be the first of many more to come, which is why I think it is a great salt-of-the-earth stock to own now and for many years ahead!

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:GME (GameStop Corp.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

Date

2025/08/16

Date Created

2021/02/24

Author

robbybrown

default watermark

default watermark