



Warren Buffett: The Best Long-Term Stock Picks

Description

Warren Buffett continues to be one of the top role models that investors look to for guidance in the stock market. And why wouldn't he be? Buffett has earned a consistent 20% average annual return for decades.

Buffett's advice can be useful in any situation. Whether the market is tanking or rallying rapidly, Buffett always has the best advice for the investing environment.

Because Warren Buffett is so intelligent, it often seems like he's a great investor who makes minimal mistakes. In reality, though, Buffett has progressed a lot over time, as the investing environment changes and new experiences shape his philosophy.

In the past, he was strictly a value investor. Buffett would focus on finding undervalued stocks in hopes that, at some point, a positive catalyst could help the business grow again.

This was a strategy that worked all right. However, it also led him to make some poor investments in value traps.

Finding value stocks that can recover is even harder today, as more investors have better information on the operations of different companies.

This makes [growth investing](#) a much better option for long-term investors today, and that's why Buffett has evolved his investment strategy.

Warren Buffett: Buy long-term growth stocks

One of his most famous quotes says that time is the friend of the wonderful company and the enemy of the mediocre. Essentially, what he's saying is if you're investing for the long run, you're better off buying high-quality growth stocks. Over time, these should continue to outperform the market and drive major growth in shareholder value.

With companies struggling, though, there's a strong possibility the situation will only worsen. Therefore, over the long term, you want to be invested in a high-quality company that's continuously growing. You don't want to be holding a value trap that will continue to struggle and lose more shareholder value.

So, according to Buffett, investors should forget trying to find value stocks that are struggling and can hopefully improve their position. It's much better to buy high-quality growth stocks that can continue to grow shareholder value rapidly for years.

With that in mind, here is one of the top Canadian growth stocks to buy today.

BCE Inc

If you want to invest like Warren Buffett, one of the top Canadian stocks you may consider buying today is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

BCE is a [massive Canadian blue-chip](#) stock. The telecom company has always been a great investment for income investors or those who just wanted a highly resilient investment. So, it's not exactly the type of stock many would picture as an ideal Warren Buffett growth stock.

However, BCE has a lot going for it that Buffett would appreciate. Furthermore, it's the Canadian version of some of Buffett's top holdings. Both **Verizon** and **T-Mobile** are top stock holdings of Buffett, and both positions were added to in the most recent quarter. In fact, Verizon is Buffett's sixth-largest holding in his portfolio of equities.

Seeing these companies as top holdings in Buffett's portfolio is not surprising. Telecommunications companies, especially large, dominant ones like BCE, are major cash cows. Not only that, but they operate highly resilient businesses. That's why a stock like BCE, despite seeing some impacts from the pandemic, was easily able to increase its dividend again this year.

On top of all the income and stability, though, investors like Warren Buffett see the potential of these stocks long term, especially with the introduction of 5G.

And because BCE has been out of favour for so long, investors can gain exposure at a significant bargain today.

Bottom line

If you're following Warren Buffett's advice, it's crucial to identify businesses with major competitive advantages. These companies have the ability to continue to grow at sky-high rates.

You'll also want to find resilient businesses you have confidence in, though. This way, should anything unforeseen happen, such as a global pandemic, your investments will be protected for the long term until the market can fully recover.

CATEGORY

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1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

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