



## Warren Buffett: How to Make a Fortune in This Market

### Description

North American stocks lost some momentum today after storming out of the gate on the first day of March. Stocks have looked broadly overvalued in Canadian and United States indexes in early 2021. Today, I want to discuss how Canadians can emulate investing legends like Warren Buffett in this uncertain climate. Let's dive in.

## Warren Buffett: Here's what he's staying away from in early 2021

Bitcoin has gained considerable traction in the mainstream in 2020 and early 2021. Regardless, Warren Buffett has [remained ice cold](#) on cryptocurrencies of all flavours. He has previously called bitcoin "rat poison" and suggested that it was a very dangerous proposition for investors. Bitcoin has scored all-time highs in 2020 and early 2021. However, the top digital currency has lost momentum in recent weeks. It dropped below the US\$50,000 mark in the final week of February. Investors may want to heed Buffett's advice as this looks like a classic bull trap.

Historically, Warren Buffett has gravitated toward stocks that are dependable and discounted. **Cineplex** ([TSX:CGX](#)) boasts a monopoly in Canada's cinema industry. However, the future of movie theatres was already in question before the COVID-19 pandemic. Even more consumers have transitioned to home entertainment outlets during this crisis.

Shares of Cineplex have climbed 67% in 2021 as of mid-morning trading on March 2. Canadians who want to bet on a bounce back for this industry may want to consider the country's top cinema operator today.

## How to employ Buffett's value investing strategy

Value investing is an investment strategy that involves picking securities that appear to be trading for less than their intrinsic or book value. Warren Buffett is known as one of the most prominent

proponents of this strategy on the planet. This investment strategy has propelled him to gather significant wealth over his lifetime. Some have questioned the strength of this strategy since the 2007-2008 financial crisis and the onset of massive quantitative easing. I would argue that it is still worth pursuing, especially in an overheated market.

**Hudbay Minerals** ([TSX:HBM](#))([NYSE:HBM](#)) is a Toronto-based diversified mining company that is focused on the discovery, production, and marketing of base and precious metals in North and South America. Its shares have soared over 160% year over year. However, the stock has dropped 6.4% to start 2021.

Warren Buffett [shed over 40%](#) of **Berkshire Hathaway**'s sizable stake in **Barrick Gold** in Q3 2020. However, gold and silver are looking increasingly undervalued in early March. Moreover, base metals have rewarded investors as commodities are surging ahead of an expected global economic rebound. Copper has reached a 10-year high to start this year.

Hudbay Minerals may be worth adding on the dip as precious metals are discounted and base metals are soaring right now.

**National Bank** ([TSX:NA](#)) is the smallest of the Big Six Canadian banks. That does not mean it should be overlooked. Shares of National Bank have surged 13% in 2021 at the time of this writing. Like its top peers, this Canadian bank boasts an excellent balance sheet.

In the first quarter of 2021, National Bank delivered net income of \$761 million – up 25% from the prior year. Meanwhile, diluted earnings per share increased 29% to \$2.15. Banks are bouncing back in a big way as the Canadian economy is on the rebound. This should only improve during the vaccine rollout.

Shares of National Bank last had a solid price-to-earnings ratio of 13. Meanwhile, National Bank offers a quarterly dividend of \$0.71 per share. That represents a 3.5% yield. This stock still fits with Warren Buffett's value investing framework.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:HBM (Hudbay Minerals Inc.)
2. TSX:CGX (Cineplex Inc.)
3. TSX:HBM (Hudbay Minerals Inc.)
4. TSX:NA (National Bank of Canada)

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aocallaghan

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