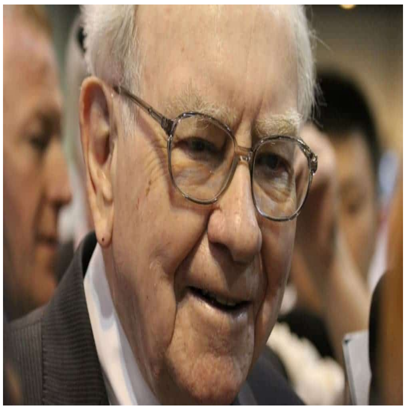

Warren Buffett: Finally Breaking His Silence

Description

Warren Buffett's **Berkshire Hathaway** recently released its 2020 earnings report along with Buffett's famous letter to shareholders. It is arguably one of the most anticipated times in a year. Buffett answers a lot of questions at the annual shareholder meeting and writes the letter to shareholders.

Being a direct source of words of wisdom from the Oracle of Omaha himself, the shareholder letters provide investors with valuable insight into how he sees the current investing landscape. If you take all his shareholder letters over the years and compile them, it would make for a complete book on investing.

Here are some key takeaways from his shareholder letters that we can use as advice for investment decisions today and beyond.

Buy stock as an owner of the company

The most important advice that Buffett has imparted through his shareholder letters is to consider buying stock as an owner of the company rather than just investing in any random asset. Treating your investments like this can help you invest with the right principles rather than just speculating on stock prices.

Buffett looks for companies that are already successful or show promise — not stocks that are purely speculative and might have the chance of performing well. The best companies are the ones that will continue to grow over the years and provide you with substantial returns on your investment.

The essence of investing like Buffett

"Be fearful when others are greedy and greedy when others are fearful."

This is perhaps one of the most influential quotes from Buffett. This quote is effectively the essence of investing like Warren Buffett. The quote talks about how you may want to go against your impulses during rallying or crashing markets and make more objective decisions based on the long-term value rather than focusing on short-term profits.

Many investors often buy shares of companies during a massive rally, ignoring heightened valuations and the risk of bubbles. The quote advises you to be skeptical of any investments in overvalued stocks. On the flip side, when the market is correcting as investors keep unloading shares, Buffett recommends steering clear of what everyone is doing.

Investors often want to sell their stocks to avoid further losses. Buffett recommends that this is the time to become greedy and buy up shares of high-quality companies at a bargain.

A "forever" business to own

Buffett likes to own businesses over a long period of time. His investment horizon is "forever." Ideally, you should consider finding companies that can withstand decades of economic turmoil, crises, and market crashes. Railroads like **Canadian National Railway** (TSX:CNR)(NYSE:CNI) have been the rare opportunities on the stock market that can fulfill that requirement.

CNR has a reputation for being an excellent source of capital growth and dividend income for its investors. Since its initial public offering (IPO), CNR has returned almost 4,800% to its investors, averaging a 17.3% annual return. The average return of the TSX since its IPO has been 4.8%.

CNR is also a Canadian Dividend Aristocrat that has increased its dividends for 25 consecutive years. Buffett himself does not own a stake in the Canadian railway company. But a close friend of his does.

As of the end of 2020, Canadian National Railway was the fourth-largest holding in Bill Gates's portfolio, representing 8.35% of all equities.

Foolish takeaway

If you are looking to invest like Warren Buffett to enjoy the same success as the Oracle of Omaha, it would be wise to heed his words. Look for companies that can provide you with consistently growing returns over the long term, and be careful of the investment moves you make during both crashing and rallying markets. CNR could be an ideal Canadian stock to consider aligning with Buffett's investing strategy.

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adamothman