



## Warren Buffett Approach: How to Find the Best Stocks to Buy Now

### Description

Investors are always looking for the best stocks to buy now. One of the best ways to do this is to watch how Warren Buffett is investing.

Warren Buffett is widely known as one of the best, if not *the* best, investors of all time. His ability to consistently outperform the market for decades is truly an incredible feat.

So, when Warren Buffett gives any advice on investing, it pays to listen. You can't always rely on [Buffett](#) to buy and sell stocks to piggyback off his moves. Sometimes you can, but you shouldn't rely on that as a strategy. Often, these stocks may not make sense for your portfolio for any number of reasons. So, you can't always just watch the stocks he buys and do the same.

Instead, it's much better to read his letters to shareholders, where he always offers some priceless advice.

### Warren Buffett advice: Price vs. value

One of the best pieces of advice Warren Buffett has given over the years for investors looking for the best stocks to buy now comes in the form of a quote: "Price is what you pay; value is what you get."

Often, individuals look at the price of the stock to determine its value. Of course, price is certainly a major part of the equation. However, it's not the sole factor that determines value.

This is an important lesson for investors to learn. Today, stocks like **Air Canada** ([TSX:AC](#)) continue to be popular, because the stock price is extremely cheap relative to the years before the pandemic. That doesn't necessarily mean that [Air Canada](#) has value. The pandemic is heavily impacting Air Canada. And even now, more than a year after the pandemic began and four months after the vaccines were first announced, it's still not clear when the company can return to normal operations.

The risk involved with Air Canada is so evident, it's hardly one of the best stocks to buy now. Despite the stock being down roughly 50% from its pre-pandemic high, it has little value at these prices.

One of the biggest influences on Warren Buffett's investing style is Philip Fisher, the author of *Common Stocks and Uncommon Profits*.

One of Philip Fisher's quotes, "The stock market is filled with individuals who know the price of everything but the value of nothing," perfectly sums up this conundrum of price vs. value.

So, just because a stock may look cheap doesn't mean it is. Investors still have to do the research to determine that the price the stock is trading at makes the business [undervalued](#).

## One of the best Canadian stocks to buy now

Considering what we just learned about value, one of the best Canadian stocks to buy now is **Northland Power** ([TSX:NPI](#)).

Northland has been of the top [growth stocks](#) in the renewable energy industry for some time. Today, though, investors have the opportunity to buy it on a pullback, making it one of the best stocks to buy now.

Of course, what we learned from Warren Buffett means that its price doesn't automatically mean it has value. However, when you begin to research Northland, you'll see just how much quality the stock has.

The reason for the pullback in the stock is because Northland just added to its growth potential by acquiring renewable assets in Spain consisting of wind farms and solar parks.

Part of the funding of this acquisition came from Northland issuing shares at \$44. So, it's understandable the stock sank below this price on Thursday.

Long term, though, this has no negative impact on the stock, and, in fact, this addition to its portfolio will only add to Northland's growth. This is part of planned spending, too. Northland was already slated to spend up to \$20 billion over the next five years to grow its operations.

It's a win-win situation, in my view. Northland is getting even more attractive, and it's temporarily offering investors a discount.

So, taking what we just learned from a quality piece of Warren Buffett's advice, I would avoid struggling stocks like Air Canada for the time being. Instead, look for high-quality businesses like Northland. Those will be the best stocks to buy now.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:NPI (Northland Power Inc.)

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#### **Date**

2025/08/26

#### **Date Created**

2021/04/16

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