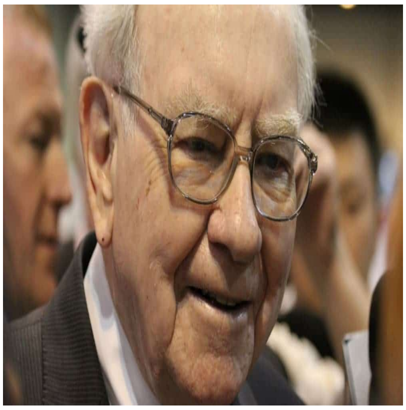

Want to Join the Billionaire Club in Canada? Here's How Warren Buffett Can Help

Description

For years, Warren Buffett has astounded investors with his pithy wisdom, carefree attitude, and frugal living (he's lived in the same house for over 60 years).

At 91 years old, the CEO of Berkshire Hathaway still churns out some of the most investing advice you'll ever hear. Most of it is incredibly simple, as good advice tends to be, and if you follow it to a tee, you could one day join him in the billionaire club.

That said, here are four of my favourite pieces of investing advice from the Oracle of Omaha.

Invest for the long-term

When Buffett analyzes stocks, he's not asking where the company will be next year, nor the year after. He's asking where it will be in the next 10, 20 or 30 years.

In other words, Buffett isn't looking for short-term gains. He's looking for companies that will perform successfully over the long run. And you should look for the same.

While, sure, you could get rich on short-term plays, you're better off investing in stocks that will have immense upward performance over a long period of time. Playing with penny stocks or day trading, especially if you're just starting out, can be catastrophic to your prospect of building wealth. Instead, use valuation metrics to find value stocks, that is, stocks that are undervalued. Or look for potentially explosive business ideas in certain micro caps and small-cap companies.

Whatever stocks you choose, always ask yourself: where will this stock be in five, 10, or 20 years? If you feel skeptical the stock will perform well over the long run, you might want to second-guess investing in it.

Track, don't beat, the market

Warren Buffett's weapon-of-choice is unarguably the *index fund.*

Index funds are baskets of stocks designed to track a certain market index. Your index fund could track the **TSX**, for instance, or it could track a collection of tech companies. Whatever index it does track, your fund won't beat the market. It will only mirror its performance.

Over long periods of time, passive index funds tend to outperform more active funds, such as mutual funds. The reason is simple. While you may beat the market a handful of times, it's difficult to beat it repeatedly over a long period of time. This, coupled with the fact that index funds are typically cheaper than mutual funds, make them a great investment for long-term investors.

Stay invested

Markets do crazy things. And if you're not in control of your emotions, you can easily do crazy things, too.

That's why, when the market tanks, Buffett advises investors to do the most foolish thing possible: nothing. Markets will always be volatile, and if you constantly sell your stocks when the market hits a downturn, you'll end up losing money.

So when the market starts to fluctuate, keep a level head. Take a step back, keep your money invested, and you'll prevent yourself from making a knee-jerk reaction that you'll later regret.

Money isn't the measure of success

Finally, though Warren Buffett is one of the richest people in the world, and the fifth-richest person in America (behind Bezos, Musk, Gates, and Zuckerberg), he's clear about his values. For him, money isn't everything. Relationships are.

On many occasions, Buffett has said he wants to be loved by those that he loves. In other words, he wants to spend time with his family and build fun and memorable experiences that make his life more meaningful.

It's good advice for all of us. Reaching the billionaire club may be a great feeling. But having a family who loves you? That's something money can't buy.

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