



Stocks to Buy Now: Warren Buffett's Best Investment Recommendation

Description

Warren Buffett has built an incredible reputation and portfolio over the years, thanks to his impressive intelligence and investment savvy. However, another significant factor in [Buffett's](#) success is the fact that he's focused on long-term investing. That's why any time you're looking for the best stocks to buy now, taking a long-term approach like Warren Buffett is crucial.

Over his decades-long career, Buffett has made several high-quality and noteworthy investments — from GEICO, one of his earliest investments and now a wholly owned subsidiary of his holding company, to **Coca Cola**, a stock that he may never sell.

However, what might surprise some investors is that Buffett's best and most consistent recommendation when asked about the best investments to buy now isn't about individual stocks at all.

Instead, for years, including during last year's annual shareholders' meeting, he recommended that investors put the majority of their capital in a low-cost [index fund](#).

Why does Warren Buffett think index funds are the best stocks to buy now?

There are several reasons why Warren Buffett believes that most investors are best off owning index funds rather than trying to find stocks to buy now. First, these are incredible investments that offer tones of advantages that you can have confidence owning over the long haul.

An index, such as the **S&P 500** gives investors exposure to tonnes of different stocks of all sizes, industries, and with varying risks and rewards. While he recommends any index fund, the S&P 500 is typically his most common recommendation.

It's an excellent way to bet on the consistently expanding American economy, which, for over 200 years, has been continuously growing.

So, as long as you invest for the long run and continue to add to your index funds with your savings,

over the years, it should earn you strong returns. But what about finding the best stocks to buy now?

Stock picking, especially over the long run, is a lot harder than many think. Even professional money managers struggle to consistently beat the market over several years. So, logically, if the majority of investors are going to underperform index funds trying to pick their own stocks, it makes sense that most investors elect to invest the majority of their capital in index funds. This is why Warren Buffett recommends index funds.

But you may be wondering which index funds on the stock market are some of the best to buy now.

Two top index funds for Canadian investors

If you're a Canadian investor and you're interested in gaining exposure to the S&P 500, one of the best [ETFs](#) to consider is **iShares Core S&P 500 Index ETF (CAD-Hedged)** ([TSX:XSP](#)). This is the easiest way to gain exposure to the American economy and buy the best investment on the stock market now, according to Buffett.

The fund offers exposure to all the massive American companies, which is why it's such a great investment to own for years and why Warren Buffett recommends the [S&P 500](#). Plus, because the ETF is hedged, you don't have to worry about the fluctuating value of the Canadian and American dollars.

In addition to having exposure to the American economy, though, you might also want to buy a Canadian index fund. So, if you're looking for one of the best Canadian index funds on the stock market that you can buy now, consider **iShares S&P/TSX 60 Index ETF** ([TSX:XIU](#)).

The XIU is similar in a lot of ways to the XSP. It's a diverse investment with a super-low-cost management fee that you can own long term. But because it only offers exposure to 60 stocks, and these are 60 of the largest and most prominent, the XIU pays a 2.5% dividend yield — much more than the S&P 500 ETF.

So, if you're looking to buy an investment that you can own for years, index funds like these two could perform even better than stocks and, for most investors, will be the best to buy now.

CATEGORY

1. Investing
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TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)
2. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

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