



Warren Buffett Advice: 3 Tips for New Investors

Description

There's no debating that Warren Buffett is one of the best investors of all time. In addition, he's one of the best people for new investors to research, to learn about how he's been so successful.

He bought his first stock at 11 years old, giving him an incredible 80 years of total investing experience. And dating back to 1965, his company, **Berkshire Hathaway**, has grown at an astounding compounded annual growth rate (CAGR) of 20.1%. That nearly double the pace of the **S&P 500** through that period, which grew at a CAGR of 10.5%.

Furthermore, the total gain for Berkshire Hathaway over those 56 years is more than 3,600,000%, all thanks to [compound interest](#).

These gains are truly impressive and are what makes Warren Buffett one of the best investors to study if you're a new investor in the stock market.

So with that being said, here are three tips and things you can learn from Warren Buffett's incredible career.

Allow your investing strategy to evolve as you gain experience

When you're just starting, there can be a lot to learn about investing and many different ways to invest your money.

New investors sometimes elect to invest more passively as they learn the ropes of the stock market. However you decide to invest your cash to start, it's crucial that you gain experience and learn how the market works. Eventually, over time, you may elect to change your strategy on how you invest for the long haul.

For example, for a long time, Warren Buffett was a value investor. And while he's always looking for value, now he's more of a growth investor, as long as he can buy the stock at a reasonable price.

There are several lessons Buffett learned that shaped this philosophy. It's also led to one of his most famous investing quotes, which leads us to our second top tip.

Look for value, but growth stocks can be some of the best investments

While Buffett started out as a value investor, he's now more of a growth investor, as long as the price of the stock is reasonable. In fact, one of his most famous quotes says, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

While you're always going to look to find stocks that offer the best value, Warren Buffett has shifted his strategy for a reason. The very best companies hardly ever trade undervalue, and if they do, the discount is usually not very significant.

So if you're only looking to buy value stocks, you're likely going to miss out on buying some of the best stocks possible.

One of the most important Warren Buffett tips, buy stocks for the long haul

Lastly, much of Warren Buffett's advice to investors has to do with buying stocks for the long haul. He has several famous quotes that illustrate just how important it is to buy and hold stocks for years.

However, one of the most popular quotes says, "Our favourite holding period is forever."

Over the years, [Buffett](#) has realized that when you find and buy some of the best companies to own, and they continue to have tonnes of long-term potential to expand their businesses, then there is no reason to ever sell.

One of the most popular Canadian stocks, **Brookfield Asset Management**, gained an incredible 690% from 1997 to 2013, earning investors a CAGR of 14.33% over that period. However, if you had sold after those impressive gains, you would have missed out on all the growth since.

From the start of 2013 to today, Brookfield has earned a total return of 424%, growing at a CAGR of 19.6%, an even faster rate than it had been growing at before. So when you find great businesses, you should plan to stick with them forever.

Often investors buy stocks with an exit strategy in mind and a target price they think the stock is worth. But the best investments will be companies that have such strong competitive advantages that you can buy and hold them for decades to come.

So if you're a new investor and want to learn as much as you can before you put your money to work, studying Warren Buffett and all his incredible advice is one of the best ways to prepare.

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Date

2025/08/07

Date Created

2022/04/08

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