



Wealth Insights

TD Wealth Private Investment Advice

Monthly Perspectives From The Daley Group Wealth Management

The Timeless Wisdom of Warren Buffett

If you are looking to benefit from some investing perspective, who better to draw on for that wisdom than one of the most successful investors of our time, Warren Buffett.

Many of Buffett's messages are timeless. In fact, a recent academic study analyzed years of Buffett's shareholder meetings, which draw tens of thousands of investors from around the world, and confirmed that the Oracle of Omaha's key messages have recurring themes.¹ Here are four:

Don't overlook the power of compounding. After a year of many setbacks, it may be difficult to remember that growth often takes time. Consider that even though Buffett has been investing since he was young, over 90 percent of his wealth was made after the age of 65.² Time and the power of compounding are key drivers of wealth creation.

"The nature of compound interest is it behaves like a snowball of sticky snow. And the trick is to have a very long hill."

Invest with a view for the longer term. When Buffett invests in a company, he views himself as an owner and takes a thoughtful and longer-term view of its prospects. He worries less about what happens in the short term, and focuses on businesses that continue to have a competitive advantage over the longer term.

"Nobody buys a farm based on whether they think it's going to rain next year. They buy it because they think it's a good investment over 10 or 20 years."

Maintain self-discipline. Buffett has always said that temperament is key to investing. In this digital age, where we are constantly being fed news and opinion, Buffett reminds us that investing requires the ability to detach from the views of others and make decisions based on the facts.

"You need to be able to look at the facts about a business, about an industry, and evaluate a business unaffected by what other people think. That is very difficult for most people... Don't do anything in life where the answer is, "everybody else is

doing it." If you cancel that as a rationale for doing an activity in life, you'll live a better life whether it's in the stock market or any place else."

Controlling emotions can be key to investing. Investors were tested by extreme volatility in the markets in 2020 — the CBOE Volatility Index (VIX), known as the "fear index," hit its highest level since the 2008-09 financial crisis.³ But Buffett has always emphasized the risk of letting emotions influence decision making.

"To invest successfully over a lifetime does not require a stratospheric IQ, unusual business insights, or inside information. What's needed is a sound intellectual framework for making decisions and the ability to keep emotions from corroding that framework."

Buffett has also offered his thoughts on the pandemic, with a view of optimism for the future:

"This is a terrible event. But there will be other things that happen in the world in the next 5, 10, or 20 years. That's how the world works; it's not a totally even course. The progress of mankind has been incredible and that won't stop...there will be interruptions, but I also know that we'll come out better on the other end."

Thank you to Warren Buffett for allowing us permission to share his timeless wisdom.

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