Warren Buffett tells investors what they must consider before betting on Berkshire Hathaway

* [AKIN OYEDELE](http://www.businessinsider.com/author/akin-oyedele)

*Mike Nudelman/Business Insider*

This is probably how you should think about buying any stock.

In his 50th [annual letter to shareholders](http://www.businessinsider.com/warren-buffett-2014-berkshire-hathaway-letter-to-shareholders-2015-2), Berkshire Hathaway chairman Warren Buffett spoke about the company's next 50 years.

He's confident that Berkshire won't experience major financial problems and that the company's value will continue to grow over time.

Buffett also had some advice for investors that want to buy into the company.

Here's what Buffett would like investors to consider before buying Berkshire stock:

* **Don't buy the stock if the price is too high.** He writes: "If an investor’s entry point into Berkshire stock is unusually high – at a price, say, approaching double book value, which Berkshire shares have occasionally reached – it may well be many years before the investor can realize a profit." If the price is slightly above the level at which Berkshire would repurchase its shares, then investors should profit "within a reasonable period of time."
* **If your plan is to sell the stock within two years of buying, Buffett says you're on your own.** That's because your returns would depend more on how the broader stock market performs than on the value of your Berkshire shares within that short period. "Since I know of no way to reliably predict market movements, I recommend that you purchase Berkshire shares only if you expect to hold them for at least five years," he writes. **"Those who seek short-term profits should look elsewhere."**
* **Berkshire shares should not be bought with leverage.** No one knows when the next big market crash will happen, and since 1965, stocks have fallen more than 50% from their top three times. Whenever something similar happens again, Buffett says Berkshire shareholders should be mostly fine, but it will be "disastrous" for speculators using borrowed money.

Read more: <http://www.businessinsider.com/warren-buffett-advice-on-berkshire-hathaway-stock-2015-3#ixzz3TG4HC9no>