Steal These 3 Stock Picks From Canada's Top Portfolio Managers

Description

On February 4, the Toronto CFA Society hosted its first-ever Equity Investment Symposium, which featured six portfolio managers presenting some of their favourite investment ideas. Here are three to consider for your own portfolio.

The Bank of Nova Scotia: Poised to grow in emerging markets

Anish Chopra, head of TD Asset Management, is responsible for investing the most money of any speaker at the conference, which may help explain why he was pitching relatively large companies. Nevertheless, his ideas were certainly noteworthy.

His first idea was **The Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), which he likes because it will benefit from growth in emerging markets, specifically Latin America. It is also important to remember that the people from those countries are generally under-banked, and as that problem rectifies itself, Scotiabank stands to benefit.

Scotiabank also has a strong Canadian banking business that should be resilient to issues surrounding Canadian housing, and its 9.1% Tier 1 Capital ratio is strong enough to support future dividend increases.

Suncor: A strong, stable energy producer

Mr. Chopra's second idea was Canadian energy powerhouse **Suncor** (TSX:SU)(NYSE:SU). The company is Canada's largest energy producer, holding excellent assets mainly in Alberta's oil sands, with excellent growth potential. Mr. Chopra also likes the solid balance sheet, with net debt being only 61% of cash flow from operations. That should hopefully lead to further dividend growth, which has been 21% per year over the past five years.

Suncor is also much more integrated than its peers. The company is able to refine almost all of the oil it produces, meaning that changes in heavy oil differentials are not such a risk.

Hudson's Bay Company: Real estate makes the difference

Another speaker was Brian Huen of Red Sky Capital Management, and his idea was department store **Hudson's Bay Company** (TSX:HBC). It's a company that on the surface appears expensive, with an EV/EBITDA ratio of almost 10x. This compares to an average EV/EBITDA ratio of 6.5x for the American department stores.

But Hudson's Bay has a couple of aces up its sleeve. The first concerns its recent purchase of American luxury retailer Saks Fifth Avenue. The potential synergies between the two retailers would bring Hudson's Bay's EV/EBITDA ratio down to 8.8x.

The real catalyst for Hudson's Bay is its real estate. The past year has seen two major Canadian retailers, **Loblaws** (TSX:L) and **Canadian Tire** (TSX:CTC.A) create REITs out of their real estate holdings, to the great benefit of investors. Mr. Huen believes that if HBC does the same thing, then the shares would conceivably be worth $22, well above the current $16 share price.

CATEGORY

1. Investing

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