



Steal These Ideas From One of Canada's Top Fund Managers

Description

One of the top-performing fund managers in Canada is Donville Kent Asset Management – its flagship hedge fund, the Capital Ideas Fund has almost quadrupled in value since 2008, even after deducting all fees. On Monday, President and CEO Jason Donville was on BNN to discuss his top stock picks.

1. Constellation Software

Coming in at number one, software conglomerate **Constellation Software** (TSX: CSU) has been a favourite of Mr. Donville's for some time now. And for good reason – both the company and its share price have done extraordinarily well since its IPO since 2006. In the last five years alone, the stock has returned about 50% per year.

Mr. Donville thinks it can go higher; he has a one year price target of \$350 on the stock, nearly 50% higher than the current share price. Time will tell if this prediction pans out, but he has been right about the company so far.

Constellation is also [a favourite](#) here at The Motley Fool. It has been highlighted as having one of Canada's best management teams and [also as a holding in an ideal 3-stock portfolio](#).

2. Delphi Energy

Like practically every gas-weighted producer in Canada, **Delphi Energy** (TSX: DEE) has been on a tear. The shares are up nearly 80% so far in 2014 and an impressive 150% over the past 12 months. But like Constellation, Mr. Donville thinks the shares have room to run.

Delphi produces gas using a process known as Slickwater, which breaks up the rock more effectively than traditional fracking techniques. Although costly – a single well can cost up to \$10 million – it can dramatically increase recovery rates, allowing returns on investment of up to 150%.

There have been concerns about the balance sheet, but the company has managed to grow production enough to make its debt level much more manageable. To illustrate, net debt is currently three times annualized funds from operations, but Delphi expects that number to drop to 2.1 by the end

of this year.

3. Pulse Seismic

Pulse Seismic ([TSX: PSD](#)) makes money from an extensive seismic data library “that’s integral to oil and gas exploration” in Alberta. The company is always expanding its library, but big revenue deals can be a lot more lumpy. And recent results have not been strong. As a result, the shares are down by more than 20% so far in 2014.

Mr. Donville thinks that this has created the perfect opportunity. At \$3.59 per share, the company trades at about 11 times free cash flow.

Donville Kent has done very well for its clients over the past five and a half years. Its fund is not for everybody – there’s a \$150,000 minimum for non-accredited investors if you want to have them invest for you. But anyone can copy Donville Kent’s top ideas, and as a bonus, you won’t owe the company any fees.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:PSD (Pulse Seismic Inc.)

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