



Steal These 3 Investment Ideas From Billionaire Investors

Description

Hopefully, investors are constantly exposing themselves to all sorts of different investment ideas. Whether the medium is the internet, business television, books, or simply exchanging ideas, investors just can't get enough information. Every investor is looking for that one piece of information that thrusts them above the competition. It can make the difference between modest and spectacular returns.

When it comes to gathering information, individual investors are at a huge disadvantage compared to folks who manage money. For the most part, that's OK. The edge investors lose by not having access to the best information is more than made up by other factors, including being not worrying about short-term results or investors leaving. It's not so bad being a small investor.

Besides, it's really easy for investors to copy some of Wall Street's biggest names. Each quarter, the biggest money managers in the U.S. release a list of their updated holdings to the SEC. If the price is down since the fund bought the stock, investors have the advantage of learning from a fund manager and getting the stock at a discount. All investors need to do is copy fund managers' ideas.

Here are three billionaire fund managers who just made big moves with Canadian stocks.

BlackBerry

Even though many traders from Point72 Capital have been in hot water with the SEC over insider trading allegations, you can't ignore the success of Stephen A. Cohen's hedge fund.

The fund, which was formerly called SAC Capital Advisors before the scandal, averaged returns north of 25% for investors for years. It started in 1992 with just \$25 million in capital, growing to more than \$14 billion at its peak. The fund is considerably smaller now since it returned all outside capital to investors as part of its punishment from the SEC.

During the first quarter, Point72 took a large position in **BlackBerry** ([TSX: BB](#))(NASDAQ: BBRY), buying more than 11 million shares. The firm is obviously betting on BlackBerry's turnaround, which has been slowed of late by a struggling share price and negative investor sentiment.

Long-term investors like the steps the company is taking to turn itself around, including a refocus on emerging markets, getting cash for some of its real estate, and taking away inventory risk by getting Foxconn to manufacture its headsets. These are all prudent moves by management.

The company is also betting on increasing sales of its QNX software that runs in-dash vehicle entertainment systems, an area where it has been nicely growing market share. It also is looking into monetizing its popular BlackBerry Messenger software.

CP Rail

Although Bill Ackman hasn't sold his entire stake in **CP Rail** ([TSX: CP](#))([NYSE: CP](#)), the billionaire manager of Pershing Square Capital is being more aggressive in taking profits from the name, selling 26% of his holdings in the first quarter.

CP is a company that has terrific management, a thriving oil by rail business, and share price performance that has made investors very happy over the past three years — which is why investors should join Ackman and take some of their gains off the table.

The company is also dealing with the Lac Megantic disaster in Quebec, and the uncertainty of not knowing just how much it will be financially liable for the accident. This uncertainty is likely to weigh on the stock in the short term.

Penn West

Although noted Canadian billionaire Prem Watsa only bought a little more than 15,000 shares of **Penn West** (TSX: PWT)(NYSE: PWE), it's the act of buying that investors should take note of, not the size of the position.

Considering how bearish Watsa was in his recent shareholder letter, the CEO of Fairfax Financial may just be biding his time, thinking there might be another pullback in the markets that would allow him to pick up shares at a lower price.

Even though shares in the light oil producer have fallen considerably over the past few years, the company still pays investors a generous 5.7% yield, has an attractive debt-to-assets ratio, and is trading considerably under book value. Management is actively taking the steps to cure its operational woes, and is pretty much on track with its self imposed turnaround plan. This could be an attractive entry point for long-term investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:CP (Canadian Pacific Railway)
3. TSX:BB (BlackBerry)
4. TSX:CP (Canadian Pacific Railway)

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