



Don't Overlook These 3 Hidden Gems

Description

As investors it is easy to focus on the top 20 stocks or so on the TSX, but that may mean you miss out on lesser known successful companies. Smart investors know how to diversify themselves and keep an eye open for hidden gems amongst the tickers.

Brookfield Asset Management

Our first lesser-known company is **Brookfield Asset Management** (TSX: BAM.A)([NYSE: BAM](#)). Founded over 100 years ago, this company has grown to \$175 billion in assets. With 24,000 employees and operations in 20 countries, the company is divided into several subsidiaries such as Brookfield Renewable Energy Partners, Brookfield Property Partners, Brookfield Infrastructure, and Brookfield Real Estate Services.

The company not only has a vast property portfolio, but also has vast investments in renewable energy, power transmission lines, gas pipelines, and agricultural lands.

In its previous quarter, Brookfield recorded revenues of U.S. \$4.37 billion, down slightly from the U.S. \$4.95 billion it earned last year. Earnings however rose to U.S. \$843 million (\$0.80 per share) from \$697 million (\$0.51 per share). The stock is trading at \$48.06, just below its 52-week high of \$48.12. Analysts have rated the stock "outperform" and Brookfield offers an annual dividend of \$0.69.

Stantec

Our second company is **Stantec** ([TSX: STN](#))([NYSE: STN](#)) an engineering consulting firm with 200 locations and 13,000 employees. The company has expertise with a variety of projects such as roadways, buildings, energy and resources infrastructure. The company's Canadian portfolio includes the BC Place stadium renovation, the Canadian Museum of Human Rights in Winnipeg, and the Canada Post Postal Transformation Program.

Stantec has been aggressively expanding with five acquisitions already announced this year, and two deals have already closed during the first quarter.

Gross revenues rose in the previous quarter to \$573.9 million, an 11% increase over last year's quarter. The company attributed the rise to organic growth of 5.8%; net income also jumped by 18% in the quarter to \$33.5 million (\$0.71 per diluted share). These higher than expected results led the company to raise its 2014 guidance by 5%, and it raised its annual dividend to \$0.74 per share.

Analysts have followed suit, raising the stock's price target to \$75, and set a "sector outperform" rating. This gives the stock some room for growth as it closed at \$65.58 on Monday. Stantec gives investors looking to enter the engineering and architecture sector an option that isn't burdened with the "ethical issues" faced by its main rival, **SNC Lavalin**.

Fairfax Financial Holdings

Our final stock, **Fairfax Financial Holdings** ([TSX: FFH](#)), isn't one for the faint in heart or light in wallet. With a current stock price of \$512.34, this stock may offer some quick returns for those who can afford to play.

The company is considered a financial holding company but deals primarily in insurance, through its subsidiaries Odyssey Re, Northbridge Financial, Crum & Forster, and Zenith Insurance Company. In the stock's five-year history it had usually peaked at about \$430, that is, until last October when it finally broke through its ceiling. The stock is looking a little rich at the moment remaining above the \$500 mark, but that could change due to the recent elections in India.

Following the election of Narendra Modi, Fairfax announced that it would be launching a publicly listed India fund. Fairfax is putting up \$300 million to get the fund started and is projecting \$1 billion of assets under management. This would bring the company's total assets under management to \$37 billion worldwide.

Fairfax earned \$2.8 billion in its previous quarter up from \$1.7 billion in Q1 2013. Net earnings came in at \$784 million (\$36.35 per share) up from \$163 million (\$7.22 per share). The company should have some extra cash on hand now, as it has just sold 5.2 million shares of **BlackBerry**. Analysts are waiting to see how successful the expansion into India will be, until then they have set a "hold" rating on the stock.

While it may be easier to focus on the more popular stocks in the TSX, there are gains to be made by seeking out lesser known well operated companies. These three companies are just a snap shot of what is available to investors looking to have a portfolio that stands out from the rest.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:STN (Stantec Inc.)
3. TSX:BN (Brookfield)
4. TSX:FFH (Fairfax Financial Holdings Limited)
5. TSX:STN (Stantec Inc.)

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