



Billionaire Steven Cohen's Top 3 Canadian Stock Picks

Description

Steven Cohen is one of the best stock-pickers in the world.

Cohen founded SAC Capital in 1992. Today, it's one of the largest hedge funds in the world with over \$14 billion in assets under management.

Since its inception, Cohen has averaged more than 30% returns annually for his clients. These returns put him in the same class of investing titans like George Soros and Warren Buffett.

Based on his remarkable performance, I always pay close attention to what stocks Cohen is buying. And right now, Cohen is looking north of the border.

According to recent SEC filings, Cohen has upped his stake in a number of Canadian firms in search of value. Let's take a quick peek at what he's buying.

Encana

As regular readers are probably aware, **Encana** (TSX: ECA)(NYSE: ECA) is in the middle of a massive corporate makeover. Rather than focus on low-price natural gas, Chief Executive Doug Suttles is attempting to transition to a more lucrative liquids and oil-rich production mix. In addition, Suttles also wants to trim the company's sprawling asset portfolio to five or six core properties.

We're already starting to see these efforts show up in the company's financial results. Last quarter, revenues and operating profits increased 79% and 190% year-over-year, respectively. And given that the stock is up 40% since Suttles took over at the helm last year, Wall Street is clearly buying into the new strategy.

However, this transition is far from complete. Encana is just beginning to ramp up liquids production and the company still has a number of unprofitable natural gas properties to divest. This means the stock still has plenty of untapped upside.

Suncor Energy

Suncor's ([TSX: SU](#))([NYSE: SU](#)) new Chief Executive Steve Williams has led a quiet revolution at the energy giant.

Williams has pledged to wring more bitumen out of existing operations, corral costs, and improved reliability of its oil sand facilities. Rather than growth for the sake of growth, the company's new focus is on maximizing returns for shareholders. This is a real break in philosophy from the Suncor of old where big, bold projects were emphasized.

Even if the skeptics aren't excited by the process, they ought to be impressed by the results. Suncor is no longer just the largest oil producer in Canada, it's now also the most profitable. And the company has just reported 10 consecutive quarters of \$2.2 billion-plus cash flow.

By taking its foot off the growth pedal, Suncor has also freed up an enormous amount of capital for investors. Since 2011, Williams has doubled the size of the company's dividend and repurchased 11% of its outstanding shares. Expect more distribution hikes as Suncor continues to expand.

BlackBerry

It wasn't that long ago when investors feared **BlackBerry** ([TSX: BB](#))(NASDAQ: BBRY) was heading to the dustbin of history. But since the start of the year, shares have surged almost 50%. And shareholders seem to be buying into Chief Executive John Chen's turnaround plan.

Since taking over at the troubled smartphone manufacturer in November, Chen has shored up the company's balance sheet and shifted away from devices towards enterprise services. BlackBerry's new Z3 device, aimed at emerging markets, has exceeded initial sales estimates. And the company is also getting its QNX operating system into more car infotainment systems.

But this is where the story gets interesting: the short interest on BlackBerry's NASDAQ listed stock is almost 98 million shares. These are speculators who have sold shares they don't own, betting that the stock would decline further. However, if anything goes right at the Waterloo technology company, these short sellers would have to scramble to cover their positions. That could send shares sharply higher in a wave of panic buying.

CATEGORY

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BB (BlackBerry)
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