



3 Soaring Stocks Courting Controversy

Description

When picking stocks, there's always that desire to outsmart everyone else. However, in today's world, that is not easy. With so many analysts on Bay Street and Wall Street combing over pages of data and creating sophisticated models, finding an edge is very difficult.

With that in mind, often the best strategy is quite simple — find management teams with a great track record, and place your trust in them. As long as they keep delivering, and you're willing to invest for the long term, you should be fine. On that note, below are three companies with great track records. For an added twist, they all come with their fair share of controversy.

1. Brookfield Asset Management There are few management teams in Canada as good as the one at **Brookfield Asset Management** (TSX: BAM.A)([NYSE: BAM](#)). The alternative asset manager has been smartly investing money for both its clients and itself, resulting in a total shareholder return of 19% per year over the past two decades.

The problem with Brookfield is its complicated structure, which makes it very difficult to figure out exactly what you're getting with one share. In a sense, the company's shareholders are blindly trusting the management team. However, in Brookfield's defense, that strategy has worked very well so far. If management continues to perform, then the future could be just as bright.

2. CGI Group IT services vendor **CGI Group** ([TSX: GIB.A](#))([NYSE: GIB](#)) has rewarded investors even more than Brookfield — over the past 25 years, the company's shares were up approximately 25% per year. That's not a bad track record. However, also like Brookfield, there's a fair amount of complexity and controversy surrounding the company. Numerous analysts have noted that the company uses aggressive accounting techniques when making acquisitions, and as a result CGI is one of the most heavily shorted Canadian companies in the United States. You should be very careful when investing in this stock.

3. Valeant Pharmaceuticals Speaking of controversy, it is certainly not in short supply at **Valeant Pharmaceuticals** (TSX: VRX)(NYSE: VRX). Canada's largest health care company has been on a nice run in recent years, with the stock up over 700% over the last five years. However, there are

many smart people who are betting against the stock, including Jim Chanos, who became famous for his bet against Enron.

The main concern with Valeant, much like CGI, is the way it accounts for acquisitions. There's one important difference, though: Valeant relies more on acquisitions than any other large Canadian company. Shareholders have every right to be worried, and you should be very careful before becoming one of them.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:GIB (CGI Group Inc.)
4. TSX:BHC (Bausch Health Companies Inc.)
5. TSX:BN (Brookfield)
6. TSX:GIB.A (CGI)

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