



Billionaire Ray Dalio's Top 3 Canadian Stock Picks

Description

Ray Dalio is one of the best investors on the planet.

In 1975, Dalio founded Bridgewater Associates. Today, it's one of the largest hedge funds in the world with \$130 billion in assets under management. And over the past 20 years, his fund has generated a 14.7% average annual return for investors.

Dalio is rightly one of the most respected investors in the world. That's why I always pay attention to what stocks he's buying. And right now, Dalio is making some interesting bets on Canada's resource sector...

Suncor Energy

For years **Suncor Energy** ([TSX: SU](#))([NYSE: SU](#)) was the largest oil company in Canada. Now it's also the most profitable.

Under the company's new Chief Executive Steve Williams, Suncor has dialed back its growth plans in favour of profitability. Rather than bold, new expansion projects, the company is focusing on cutting costs, improving the reliability of refineries, and wringing more bitumen out of existing oil sands operations.

While this isn't the exciting wheeling and dealing the oil sands are known for, investors aren't complaining. Suncor has posted 10 consecutive quarters of \$2.2 billion plus in cash flow generation. And since 2011, the company has doubled the size of its dividend and repurchased 11% of its outstanding shares.

Silver Wheaton

What is Dalio's biggest fear? Inflation.

In a 2012 CNBC interview, Dalio shocked the investment world when he said, "Gold should be a part of everybody's portfolio." Last quarter, SEC filing revealed that Bridgewater Associates had accumulated

a \$7.6 million stake the world's largest precious metal streaming company **Silver Wheaton** (TSX: SLW)(NYSE: SLW).

Dalio has repeatedly pointed out the large, developed economies like the U.S. and Europe are in a no-way out situation. They have taken on incredible debts and run up massive unfunded liabilities. The only way to pay for these expenses is by printing more money.

His thesis is simple: Precious metals are sound diversification. Gold is real money. Its value cannot be debased like paper currencies. And streaming companies like Silver Wheaton are a leveraged bet on inflation.

Canadian Natural Resources

Canadian Natural Resources ([TSX: CNQ](#))([NYSE: CNQ](#)) is gushing dividends.

Boosted by higher energy prices and rising oil sands production, Canadian Natural Resources has increased its dividend 11-fold over the past decade. And in recent years those increases have been getting even bigger. In May, management hiked the company's payout another 12.5%, a sure sign executives see more good times ahead.

There are no other large-cap energy companies with a growth profile as good as Canadian Natural Resources. Once the company's Horizon oil sands facility is completed, management projects annual free cash flow could grow five-fold to \$5 billion by 2018. That should fund plenty more dividend hikes and share buybacks in the years ahead.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:SU (Suncor Energy Inc.)
5. TSX:WPM (Wheaton Precious Metals Corp.)

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