4 Easy Ways Anyone Can Invest Like Billionaire Warren Buffett

Description

Warren Buffett needs no introduction.

What he's been able to accomplish in his investing career has been nothing short of extraordinary. From 1965 through 2013, Buffett has been able to grow **Berkshire Hathaway Inc.** (NYSE: BRK.A)(NYSE: BRK.B) by an average of 19.7% per year, easily trouncing the S&P 500, which was up 9.6% annually.

Pause for a moment and consider just how impressive that is. The folks over at Standard and Poors did a study, tracking 2,862 U.S. mutual funds which had been operating for at least year back in 2010. Out of the 25% that did the best between 2009-10, guess how many were able to stay in the top quarter for each of the next four years?

The answer is two. Out of 2,862 mutual funds, only two were able to outperform on a consistent basis. And that's just over five years. Buffett has been regularly trouncing the market for half a century.

Obviously, Buffett is a man you want to emulate. Here are four ways every investor can copy the Oracle of Omaha.

1. Berkshire Hathaway

This one is a no-brainer. If you want to invest like Buffett, the easiest way is to own his company.

Not only would you be buying shares in a company with a history of outperformance, but you get Buffett as a manager practically for free. Berkshire has a market cap of nearly $370 billion. Buffett pays himself just $100,000 annually. That means you're getting the greatest investor of our time to pick stocks for you at a management fee of 0.000027%. What a terrific deal.

2. Canadian National Railway Company

In 2009, Berkshire Hathaway paid nearly $26 billion to acquire Burlington Northern Santa Fe Railway. At the time, Buffett said in an interview that “You don’t get bargains on things like that.”

But in hindsight, it looks like he did. According to Berkshire’s latest quarterly report, BNSF has returned more than $15 billion in dividends to its new owner since the purchase. The rail business is booming, to say the least.

Investors in **Canadian National Railway Company** (TSX: CNR)(NYSE: CNI) know this well. Thanks mostly to the lucrative oil-by-rail market, shares of the company are up approximately a third over the last year, and have nearly tripled over the last five.

If you’re a believer in oil over the long term, there’s still room for Canadian National to grow. According to a study done in 2013, production from Alberta’s oil sands is expected to double over the next decade, while pipeline capacity won’t get close to catching up. That’s good news for both of Canada’s largest railroads.

3. Imperial Oil Limited

It’s well known that Buffett has a large stake in **Exxon Mobil**, the biggest oil company on the planet. Canadian investors could just buy that, or they could go for its Canadian subsidiary, **Imperial Oil Limited** (TSX: IMO)(NYSE: IMO), which is 70% owned by Exxon.

There’s a reason why Imperial Oil’s shares haven’t been decimated like many of its peers. The company has a AAA-rated balance sheet, low-cost production, a large stake in the Syncrude oil sands project, and has increased dividends for 19 consecutive years. Exxon is well known for being a shrewd operator, and it’s obvious Imperial Oil is following in its parent’s footsteps.

4. AutoCanada

One of Buffett’s most recent buys is Van Tuyl Group, one of the largest privately owned chains of car dealerships in the U.S.

Buffett likes the potential for consolidation in the space. Many owners just own one or two dealerships, meaning they have two options when retirement time comes — either pass it down to the next generation, or sell to somebody like Buffett.

Canadian investors can take advantage of this trend by buying **AutoCanada Inc.** (TSX: ACQ), which looks to do the same thing. Since going public, AutoCanada has grown like a weed, increasing its sales from just $800 million in 2009 to a projected $3 billion in 2015. Earnings per share are also expected to eclipse $3.50 in 2015.

And according to bulls, that’s just the beginning. Nearly 70% of Canadian dealership owners surveyed indicated they wanted to be retired or semi-retired in five years.

CATEGORY

1. Investing

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1. NYSE:BRK.B (Berkshire Hathaway Inc.)
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3. NYSE:CNI (Canadian National Railway Company)
4. NYSEMKT:IMO (Imperial Oil Limited)
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