



3 Easy Ways Anyone Can Invest Like Canada's Richest Billionaires

Description

It's good to be a billionaire.

You know how Warren Buffett still lives in the same house he bought in 1958 for \$31,500? With respect to the second richest man in the world, I would have a little more fun than that if I was a billionaire. Besides, Buffett has the advantage of living in Omaha, where the median house price is just a little over \$140,000. In Toronto or Vancouver that barely buys you a parking spot.

It's easy to invest like Buffett; each time he adds a stock to his collection, the financial news media spends hundreds of hours analyzing the rationale behind it. But with the exception of a couple of companies, he doesn't have much Canadian exposure. This is fine for American investors emulating the "oracle," but not so helpful for Canadians who want to keep the majority of their portfolio in local currency.

Luckily for Canadian investors, we have plenty of billionaires at home who are making some pretty smart decisions. Here are three easy ways you can ride their coattails.

Sports franchises

There's nothing that screams "rich guy" more than owning your own sports franchise. Even though the Saskatchewan Roughriders are technically community owned with shares outstanding, shares are typically bought by fans, not investors.

Fortunately, there's another solution—owning shares of **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)), the owner of the Toronto Blue Jays, as well as part owner of Maple Leaf Sports and Entertainment, which owns the Toronto Maple Leafs, the Raptors, and Toronto FC. There's also a very large telecommunications company attached to these sports franchises, but telecoms have proven to be a pretty good business in the past.

The reason why Rogers is so aggressive in buying sports teams is because of content. By owning the team, Rogers doesn't have to pay anyone for the rights to broadcast the games. Plus, it can turn the former Skydome into Rogers Center, complete with cell phone ads all over the place. And since sports

teams tend to at least increase in value at the pace of inflation, the worst case scenario is that it becomes a store of value.

Grocery stores

What do Canada's second-and-third-richest men have in common? They're big investors in grocery stores.

Galen Weston, who has a net worth of nearly \$10 billion, has the vast majority of his wealth tied up in two grocery-related stocks, **George Weston Limited** ([TSX:WN](#)) and **Loblaw Companies Limited** ([TSX:L](#)). George Weston is essentially just a holding company for Loblaw shares, as well as a couple of other businesses.

Meanwhile, Canada's third-richest man, Jim Pattison, has a large investment in a privately held grocery chain in western Canada, Save-On-Foods. It's simple to see why these billionaires like the grocery sector so much—margins are steady, they're recession-proof businesses, and it's easy to get bank financing for expansion plans. Steady profits trump huge growth, at least for Pattison and Weston.

Be patient

In 1985, Prem Watsa purchased Markel Financial for \$10 million, injecting cash into the almost bankrupt specialty insurer of commercial trucks. 30 years and a name change later, **Fairfax Financial Holdings Ltd.** ([TSX:FFH](#)) now has a market cap of more than \$16 billion, and Prem Watsa has joined the list of billionaires.

Watsa's results have been nothing short of extraordinary. Since he took over, Fairfax's book value has gone up an average of 20% annually. Being able to earn 20% annually is impressive enough over five years, but Watsa has done it for 30 years. That puts him among the best investors of all time.

The simplest way for investors to follow Watsa is to make an investment in Fairfax. There's no guarantee that the next decade will be as successful as the last three, but if I was going to hitch my wagon to anyone, it would probably be Watsa.

But it's easy to forget Watsa's other big advantage: time in the market. Even if Watsa had just put his \$10 million in the S&P 500, it would be worth about \$240 million today, ignoring currency fluctuations. That's a far cry from billions, but it shows the power of being invested over long periods of time.

CATEGORY

1. Investing
2. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:FFH (Fairfax Financial Holdings Limited)

3. TSX:L (Loblaw Companies Limited)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:WN (George Weston Limited)

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