



Steal These 3 Investing Tips From 1 of Canada's Best Investors

Description

Many investors these days have no idea who Stephen Jarislowsky is.

Jarislowsky is the man who was originally known as Canada's Warren Buffett. After a short stint in the U.S. Army in World War II, and getting his MBA at Harvard, he founded money manager Jarislowsky Fraser in 1955. The firm started out as a boutique research firm, eventually expanding into managing money in the 1960s. It was a smart choice, as the firm has grown assets under management to current levels of more than \$50 billion under the corporate umbrella. It is one of Canada's largest and most influential money managers.

And through thick and thin—at least until his recent retirement—Jarislowsky was there, choosing investments and steering the company through the many obstacles the market. In 2005 Jarislowsky wrote *The Investment Zoo*, an autobiography that is littered with smart and actionable investment advice.

Like many of the greats, Jarislowsky's investment philosophy is as simple as it is effective. Here are three of the man's best investment tips.

Be conservative

In the world of penny stocks, fancy derivatives, and boom or bust tech stocks, often the tried and tested methods of building wealth get thrown out the window. Throughout all his years as an investor, Jarislowsky built his wealth by focusing on buying high-quality companies with a track record of consistently rising earnings, with a general avoidance of cyclical businesses.

An example of that kind of stock would be **Brookfield Renewable Energy Partners L.P.** ([TSX:BEP.UN](#)) ([NYSE:BEP](#)), which owns all sorts of hydro, wind, natural gas, and solar power-generating assets located in Canada, the United States, Europe, and Brazil. The company has a history of paying oversized dividends to investors, and currently yields 5.7%.

The company's net profit number isn't reliable, because of the high amounts of depreciation in the power business. But over the past four years, the company has nearly doubled its cash flow, and it has

more projects in the pipeline to ensure further growth. Its management team has that proven record that Jarislowsky looked for, and there's nothing steadier than the power business.

Start early

Most investors know the power of compound interest. Jarislowsky is perhaps an extreme example, as he still holds some of the stocks he bought while in college in the early 1940s.

Even the difference between 10 and 20 years can make a world of difference. Say you held \$10,000 worth of shares that are poised to return 8% a year. After a decade, you'd have a nest egg worth \$21,500 or so. But after 20 years, you'd be looking at nearly \$47,000 in savings.

Now, imagine how you'd supercharge your net worth if you really scrimped and saved by putting \$10,000 per year into your investments.

Don't be afraid to sell

While Jarislowsky was a strict buy-and-hold investor, he would still periodically lighten up his exposure to certain companies, ensuring they wouldn't leave his portfolio in a bad place if the market went down.

Perhaps investors in **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX) would be wise to take this piece of advice from Jarislowsky. Over the past year, shares are up nearly 140%, and have surged more than 1,260% over the past five. While earnings have gone up considerably during that time—because of the company's relentless acquisition spree—Valeant still trades at more than 100 times its 2014 earnings.

Earnings growth is one thing, but it's another to pay a reasonable price for it. And right now, investors are expecting Valeant to make more monster acquisitions to really accelerate its growth. The question is whether the company can pull it off.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BHC (Bausch Health Companies Inc.)
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