



An International Fund Manager Loves These 4 TSX Stocks

Description

Benjamin Segal loves stocks in Canada, Switzerland, Israel, and the Nordic region. He especially likes four specific TSX stocks, one of which is probably on every investor's watch list.

Who's Benjamin Segal, and why should you care?

Well, he manages Neuberger Berman's US\$1.5 billion International Equity Fund, an all-cap portfolio of 89 stocks that isn't just a large-cap fund in disguise, but actually has 27% of its holdings in mid-cap stocks—three times the amount of its peers; its average market cap is US\$12.3 billion, less than half of its MSCI ACWI ex USA Index benchmark.

Recently, Segal told the *Wall Street Journal* that U.S. stocks have been on an extended seven-year run. By any standard, that's a long time, suggesting they are overdue for a correction.

So, here are the four TSX stocks held by Segal presented in order of dollar value.

Alimentation Couche-Tard Inc. (TSX:ATD.B) is his largest Canadian holding with almost US\$1.2 million invested in the convenience store operator. There are a lot of reasons to like the Montreal company, but if you're a GARP investor, [price](#) probably isn't one of them, says Fool contributor Nelson Smith.

While his concern is understandable, at the end of the day, we are talking about arguably one of the best-run companies in Canada whose level of execution blows most TSX stocks away. Segal doesn't see a problem with its valuation; nor should you.

Segal's second-largest holding is **Macdonald Dettwiler & Associates Ltd** ([TSX:MDA](#)), a provider of communications services such as broadband Internet and satellite radio, which accounts for 70% of its revenue.

However, its 2012 acquisition of Space Systems/Loral, a company involved in surveillance and intelligence solutions, has given it some much-needed revenue diversification. With M&A now a part of its growth plans, look for it to find a third potential revenue stream.

The third pick of Segal's is **Home Capital Group Inc.** ([TSX:HCG](#)), Canada's mortgage lender of choice for entrepreneurs and those looking for an alternative to Canada's big banks. Co-founder and CEO Gerald Soloway manned his last quarterly conference call May 5; he's handing the reins over current president, Martin Reid, on May 11 at its annual general meeting.

While Home Capital Group faced a lot of issues in 2015, it appears to have made it over the hump and gotten back on track in 2016. With a five-year dividend-growth rate of 22% and a 17-year run of paying out dividends, Home Capital Group is a solid dividend-paying investment.

Lastly, Segal likes **ATS Automation Tooling Systems Inc.** (TSX:ATA), a business whose name tells it all. Working in several different industries, ATS Automation provides manufacturers with the automation solutions to be successful. CEO Anthony Caputo announced he's stepping down from his role in February 2017 after more than 10 years in the top job. That's a long time for CEOs these days, so the transition is likely to be smooth.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATS (Ats)
2. TSX:HCG (Home Capital Group)

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