



Insiders Are Buying These Companies Ahead of Earnings: Should You?

Description

Studies have shown that following insider buying can lead to market-beating returns. After all, what better way is there from management or members of the board to show faith in their companies than buying the shares? Below are a few Canadian names whose insiders have been noticeably bullish in the last three months going into their quarterly earnings.

First Quantum Minerals Limited ([TSX:FM](#))

Catalyst: Q3 earnings on October 28.

Those expecting a turnaround for First Quantum are not alone.

It would appear that the company's insiders bought into the struggling miner's improving financials following its second-quarter earnings report. For Q2 2016, First Quantum seemed to have taken the right steps to bolster its balance sheet, reporting \$895 million unrestricted cash, \$593 million in undrawn facilities, and \$553 million of working capital.

Near-term growth drivers for the company also include the completion of a \$2.5 billion financing deal for the Cobre Panama project in late 2016 and early 2017, along with additional sales of non-core assets to further increase its liquidity.

Brookfield Property Partners LP ([TSX:BPY.UN](#))(NYSE:BPY)

Upcoming catalyst: Q3 earnings on November 2

Brookfield's strong dividend growth and excellent balance sheet have clearly not gone unnoticed by its insiders, who were also no doubt drawn to the stock's discount (albeit fast closing) to its net asset value (NAV) of US\$29.50. Insiders were not the only ones after Brookfield's well-diversified portfolio of international real estate properties; institutional ownership for the LP increased to 73.3%, as per the latest SEC filings.

Shaw Communications Inc ([TSX:SJR.B](#))([NYSE:SJR](#))

Upcoming catalyst: Q4 earnings, November 2

Utilities such as Shaw have been big favourites of income investors, as low interest rates are expected to persist in Canada for the foreseeable future. Shaw in particular is popular with the company's insiders most likely due to the growth opportunities presented by its new direction as a mobile carrier.

Shaw is currently set to do battle with incumbent carrier **Telus Corporation** in western Canada, and analysts will be paying close attention to the company's wireless metrics such as net users added, average revenue per user, and wireless margins. But, if it's any indication, Shaw's insiders seem to be quite bullish about its foray into the mobile arena.

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Canadian companies showing most insider buys in the last three months. Based on Bloomberg data

The bottom line

Tracking insider activity can be one of the most fruitful aspects of the security analysis process. While it should not be the primary factor regarding a stock purchase, knowing that you are investing along with the insiders of a company can offer a reassuring sentiment for your bullish thesis.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:BPY.UN (Brookfield Property Partners)
3. TSX:FM (First Quantum Minerals Ltd.)
4. TSX:SJR.B (Shaw Communications)

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