



## The Only U.S. Stock You'll Ever Need

### Description

Home country bias.

No, I'm not talking about a Canadian's take on which country produces the world's best hockey players or the world's tastiest potatoes; I'm actually referring to an investing phenomenon that exists in almost every developed market on the planet.

We are seriously predisposed to investing in Canadian stocks, despite experts warning us that we should be spreading our money around, putting it into play in stock markets beyond our borders—markets that account for [97%](#) of the world's total market cap.

The obvious first choice is the U.S., which accounts for 51% of the global market cap.

Many investors—and there's nothing wrong with this philosophy—will simply direct their U.S. equity allocation to an ETF like the **iShares S&P 500 Index Fund CAD Hedged** ([TSX:XSP](#)), the second-largest ETF listed on the TSX.

However, for do-it-yourselfers who prefer to invest in stocks or a combination of stocks, ETFs, and mutual funds, a stock at the top of every investors' must-have list is **Berkshire Hathaway Inc.** (NYSE:BRK.A)(NYSE:BRK.B), the massively successful conglomerate created by Warren Buffett over 50 years ago.

It's a great company, and Buffett is a great investor, but if you want returns that, historically, have been better than Berkshire Hathaway and are likely to outperform it in the future, there's only one stock you'll ever need—and you've probably never heard of it.

**Church & Dwight Co., Inc.** ([NYSE:CHD](#)) is the name; consumer products is its game.

Founded in 1846 in New Jersey, Austin Church, with brother-in-law John Dwight, invented baking soda. In 1878, the duo trademarked the name Arm & Hammer, and the rest is history.

Through organic growth and acquisitions, Church & Dwight has grown to be a US\$11 billion market

cap with US\$770 million in EBITDA from US\$3.4 billion in annual revenue. Arm & Hammer, OxiClean laundry detergent (I use it all the time, and it works well), Trojan condoms, First Response pregnancy test kits, and many others brands contribute to its ongoing success.

In terms of quarter-to-quarter growth, you're not buying **Facebook** or **Amazon**, but it finds a way to eke out gains in every segment of its business, and over the long haul that's led to significant appreciation in Church & Dwight stock.

Up 7.3% year-to-date, it's looking like it will finish 2016 in positive territory, the 14th year of doing so out of the last 15; it generates an annualized total return of 17.4%—more than 10 percentage points better than both the S&P 500 Total Return and S&P/TSX Composite Total Return indices. And yes, it beat Berkshire Hathaway by almost nine percentage points annually over those same 15 years.

Will it deliver the same results over the next 15 years? It'll be tough. That said, I still think if you can only own one U.S. stock, Church & Dwight is it.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:BRK.B (Berkshire Hathaway Inc.)
2. NYSE:BRKA (Berkshire Hathaway Inc.)
3. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

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## Author

washworth

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