

Alert: Canada's Top Billionaire Investors Are Buying These Stocks

Description

There's a reason investors pile into the latest Warren Buffett, George Soros, or some other billionaire's latest investment. If a billionaire likes a company, then it must be good. After all, these guys wouldn't be filthy rich if they weren't smart.

U.S. billionaires get all the accolades, but there are a number of really rich Canadians that are worth paying attention to. These gentlemen own everything from Canada's best business to unloved deep-value stocks. You can certainly argue with their investing methodology. You can't argue with results.

Here are two stocks Canada's best investors are buying.

Westshore Terminals

Billionaire Jim Pattison is probably my favourite uber-rich Canadian. He started off his empire with a single car dealership back in 1961, and 55 years later, his namesake company does more than \$9 billion in sales and is Canada's second-largest private company. Pattison himself is worth \$8 billion or so.

Pattison has large positions in a number of publicly traded Canadian stocks. He owns 25 million shares of power and natural gas re-seller **Just Energy**. He's also one of the largest shareholders of **Canfor** with 58 million shares. And most importantly—at least for this article—Pattison is one of the largest shareholders of **Westshore Terminals Investment Corp.** ([TSX:WTE](#)).

According to Westshore's 2016 Management Information Circular, Pattison owned 17.68 million shares as of May 25. He's been adding to that position lately, buying 2.1 million shares since September 22. His most recent purchase was on November 14.

We don't know exactly what Pattison likes so much about the coal-exporting business, since he's pretty mum about individual holdings. But exports to Asia are still strong, and a big recovery in coal prices since the beginning of the year has certainly helped export volumes.

Yes, the company cut its dividend late last year, but profitability is still expected to be solid in 2016 with analysts projecting the bottom line to come in at \$1.75 per share or so. And investors are still getting paid a solid 2.3% yield to wait—a dividend easily covered by earnings.

Torstar

In 2016, the last place many investors want to be is in the newspaper business. And yet billionaire investor Prem Watsa continues to load up on shares of **Torstar Corporation** ([TSX:TS.B](#)), buying an additional 3.5 million shares back in August. In total, Watsa's company **Fairfax Financial** owns 19.4 million shares, or 27.4% of the company.

It takes a brave investor to buy into a newspaper today, but there are things to like about the business.

Torstar spent aggressively to expand its web presence with the purchase of VerticalScope in 2015. The company actually made a profit last quarter, although that was helped by a one-time item. The company is flush with \$70 million worth of cash versus a market cap of just \$122 million. And shares pay a \$0.03 quarterly dividend—good enough for a yield of 5.7%.

Investors should probably be leery of that yield. The payout has already been cut twice.

Ultimately, Torstar needs to get costs down. It is trying to do that by getting rid of many long-time staffers. Will readers stick around, or will they follow reporters to their new home? Only time will tell.

The bottom line

You'll notice something in common in those two buys from billionaires with very different investment strategies: they're both in sectors the rest of the market doesn't like.

That's perhaps the biggest takeaway from this. Billionaires don't get to be that wealthy because they invest with the rest of us. They're loading up on contrarian ideas—businesses that the rest of the market might not hate, but certainly doesn't love.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TS.B (Torstar)
2. TSX:WTE (Westshore Terminals Investment Corporation)

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