



## Canadian Investors: Do You Own These 3 Buffett-Inspired Stocks?

### Description

There's a reason why millions of investors copy the ways of Warren Buffett, the greatest investor of all time. It works. And why argue with success?

The man they call the Oracle of Omaha has been incredibly generous with his investing knowledge over the years. Buffett obviously enjoys teaching, and it shows. He's constantly making media appearances that are filled with great investing lessons.

There's just one problem, at least for Canadian investors. Buffett has focused his attention on the United States over the years. **Berkshire Hathaway Inc.** (NYSE:BRK.A)(NYSE:BRK.B) has few investments in Canada. Thus, it's much harder for Canadian investors to simply copy Buffett and invest in the same companies as he does.

But that doesn't mean we can't look for Buffett-inspired stocks. Here are three I think the man would be looking at if he focused on Canada (and if Berkshire Hathaway were a little smaller).

### Pizza Pizza

It's no secret that Buffett loves fast food — both as a meal and as an investment.

He has invested billions in the industry over the years. Berkshire Hathaway currently owns a big portion of **Restaurant Brands International**. It bought Dairy Queen outright in 1997. And Buffett has invested in **McDonald's** in the past, owning 4.3% of the company at the end of 1996.

Running a restaurant is hard. You have to deliver a good product at a decent price, all while dealing with staff, suppliers, and outrageous customer demands. Investing in a fast-food franchise is comparatively better. The parent company gets paid first. Then come all the other expenses.

**Pizza Pizza Royalty Corp.** ([TSX:PZA](#)) might be my favourite Canadian fast-food investment. It has nearly 800 locations from coast to coast under the Pizza Pizza and Pizza 73 banners. Same-store sales keep ticking ever higher, and pizza is the perfect item to order online. And, perhaps most importantly, shares pay an attractive 4.8% yield.

## Intact Financial

It's no secret Buffett likes the insurance business. In fact, Berkshire's insurance operations are constantly spinning off cash that's used to invest in undervalued businesses.

Insurance comes down to underwriting skills. When interest rates were higher, an insurer could lose money after paying out claims, but they'd make up for it by investing premiums at a profit. It's much harder to do that these days.

**Intact Financial Corporation** ([TSX:IFC](#)) is a terrific underwriter. It recently reported a combined ratio of 95.3% for fiscal 2016. While that was below 2015's results, remember that 2016 featured one of the costliest natural disasters in Canadian history: the Fort McMurray wildfires.

I want to focus on that, because it's incredibly important. While 2016 had some very significant challenges, Intact reported a net profit of \$3.97 per share.

Analysts expect 2017's results to be much better; the bottom line is expected to flirt with \$7 per share. And remember, Intact is the largest property and casualty insurer in Canada and is poised to be the lead consolidator over time. That's a good position to be in.

## BCE

Buffett continually looks for companies with a moat: a competitive advantage that ensures a company has pricing power. There aren't many better moats than the one offered by Canada's telecom sector.

**BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) is a particularly attractive investment in a great sector. BCE continues to grow its wireless business at a good clip, which is more than enough to offset weakness in other divisions like satellite TV and home phone. The media division is also performing well, buoyed by recent success from the Toronto Raptors and Toronto FC.

Many investors put their cash into BCE for one simple reason: the dividend. Shares currently yield 4.9% — a very attractive payout in today's world. The company also trades at a very reasonable valuation with shares at just 16 times estimated 2017 earnings.

## The bottom line

It doesn't take a genius to invest like Warren Buffett. All regular investors need to do is copy his style and buy great companies trading at reasonable valuations. Pizza Pizza, Intact Financial, and BCE all fit that description. All that's left for investors to do is to hold these stocks for a very long time.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BRK.B (Berkshire Hathaway Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:IFC (Intact Financial Corporation)
5. TSX:PZA (Pizza Pizza Royalty Corp.)

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