



3 Warren Buffett-Like Stocks That Would Be Great Additions to Your Portfolio

Description

Warren Buffett is a name that has become synonymous with investing, and as an investor that focuses on value, he likes stocks that have good fundamentals and that offer stable, long-term growth. He looks for proven companies and tends to avoid IPOs and companies without much history or success.

Some of the ways he finds value is by looking at stocks that trade at a low price to earnings, have a strong return on equity, and have been able to grow sales.

I'm going to look at three stocks that fit this mould that could be great additions to your portfolio.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a stock that would likely be right at the top of Buffett's list. He likes bank stocks for their stability and high barriers to entry.

In Canada, the five big banks are virtually untouchable and are even more secure than banks in the U.S., where you see many different competitors to choose from.

TD posted a strong Q3 [that saw its profits soar 17%](#) from the previous year. In five years, sales have grown 44%, and there is no reason to expect that growth to stop.

The stock consistently trades at around 13-14 times its book value and a modest price-to-book value of two. In each of the past six years, the bank has posted a return on equity of more than 13%.

TD is a great long-term investment that provides a strong 3.2% yield, long-term growth prospects, and a lot of stability.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#)) supplies automotive parts, and the company [is a great buy for many reasons](#), but its growth potential in the self-driving revolution is what should really excite investors.

Magna trades at a modest 12 times its earnings and 1.8 times its book value. The company's sales were up 7% in its most recent quarter, and in the last fiscal year Magna's top line grew by 13%. Return on equity for Magna has been more than 16% in each of the past five years, with three of those years

finishing above 20%.

Magna has the strong fundamentals that you'd look for in a value investment and still has excellent growth opportunities in the future. The company even pays a modest 2% dividend.

New Flyer Industries Inc. ([TSX:NFI](#)) is one of my favourite stocks, because buses will have a place in our society for the foreseeable future, at least as long as cars are still on the roads. As populations grow, demand for buses will rise, and a bus manufacturer like New Flyer will stand to benefit.

The company is also working on electric buses, which could present significant growth opportunities for the company as more cities around the world look for clean energy solutions.

The company's price-to-earnings ratio is a tad high at 21, but investors might be convinced to let that slide, given the great potential the stock has, or perhaps they'll wait out a dip in the price before buying.

Sales for New Flyer have increased for four straight years and are on pace for a fifth. The stock pays a modest 2.3% dividend and, in its last fiscal year, had a return on equity of over 22%.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:MG (Magna International Inc.)
4. TSX:NFI (NFI Group)
5. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/07/05

Date Created

2017/11/15

Author

djagielski

default watermark