



Mirror Warren Buffett's Portfolio With These 3 Canadian Stocks

Description

If you're a new investor who's decided to construct their own portfolio with individual stocks, then it's usually a good idea to have an investing mentor that you can learn from. Not only to invest better, but also to have more confidence in your investment moves regardless of what the sentiment of the general public.

When it comes to investing, there's no better mentor than Warren Buffett. He's the greatest investor of our time, but in a recent interview conducted by CNBC, he stated that he wants to be remembered for being a teacher, a teacher of new investors looking to improve their financial future in an arena that can seem cutthroat.

It can be intimidating to get started in the world of investing. But if you can closely follow an investing mentor like Buffett, you'll be able to avoid rash decisions and become more confident in the fragments of companies that you're owning within your portfolio. Buffett thinks of stocks as pieces of businesses, not as a bunch of numbers and symbols that go up or down on any given day. The sooner you start thinking about stocks this way, the sooner you'll be able to invest in a fashion that'll make you very rich over the course of decades through the power of compounding.

If you're not sure where to start, have a look at Buffett's personal portfolio. You'll see that he owns easy-to-understand businesses with a moat to keep out competition and a means of increasing earnings in a predictable fashion over the long haul. When Buffett buys a business, he intends to hang onto it for decades at a time. So if you're able to exhibit the same kind of discipline and patience to let a thesis come to fruition, then you too will be able to obtain above-average returns throughout the course of your investment career.

While a beginner may be tempted to copy Buffett's portfolio, it's important to understand that your rate of return is a function of the price you paid for a security. Thus, it's not a good idea to copy Buffett's investments as they are. Instead, it's a better idea to study the stocks he's chosen to include in his portfolio and the attributes that made such businesses attractive for the long term.

Looking at Buffett's portfolio, you'll notice that some Canadian stocks complement many of Buffett's

holdings, which make them intriguing stocks that you should add to your watch list with the intention of scooping them up on any form of weakness.

Buffett owns BNSF railway, so a compelling Canadian complement would be [Canadian National Railway Company](#) ([TSX:CNR](#))([NYSE:CNI](#)) also known as North America's most efficient railway. Railways are the backbone of the economy, and over time, they've profited profoundly, crushing the markets over the course of decades. With their high moats, there are few other economical alternatives that could steal meaningful share away from the rails.

It's hardly a mystery that Buffett also loves the big banks. On this side of the border, [Toronto-Dominion Bank](#) ([TSX:TD](#))([NYSE:TD](#)) is the closest thing to a U.S. bank without having to swap your loonies for greenbacks. TD Bank is also regarded as Canada's safest (or highest quality) bank for its impeccable risk management strategy, its less-volatile retail banking business and its conservative book of mortgage loans. The big banks not only have large dividend yields, but they also have a history of delivering double-digit dividend growth numbers on an annual basis.

Finally, Buffett is a big fan of boring businesses that are able to grow their earnings on a consistent basis. [Alimentation Couche-Tard Inc.](#) ([TSX:ATD.B](#)) fits the bill as a company that's a promising low-tech growth player with stock valued as a no-growth stalwart. Moreover, the low ~0.7% dividend doesn't leave much of an incentive for longer-term investors to stick around during difficult times.

Couche-Tard is a convenience store operator that's expected to continue to consolidate its fragmented industry at the global scale. The growth ceiling is ridiculously high and so are the potential synergy opportunities.

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