



Revealed: 3 Top Investing Tips From Canada's Most Secretive Billionaires

Description

Most Canadians have never heard of James Richardson and Sons, a Winnipeg-based company that has grown to become one of Canada's largest conglomerates since its founding in 1857.

The company owns an interesting array of assets. Its largest holdings by sector are in the agriculture space, and owns retail shops, and even grain transport infrastructure like terminals and shipping lines. The company also has a large oil and gas presence through its wholly-owned subsidiary Tundra Oil and Gas, as well as owning a big chunk of financial services brands Richardson GMP and **GMP Capital**. Finally, the company has large real estate holdings, primarily in Downtown Winnipeg.

Despite it being one of Canada's largest privately held holding companies (comparable to [Jim Pattison's](#) Vancouver-based Jim Pattison Group) and the family boasting an impressive net worth recently estimated at \$6.55 billion, precious little is known about the clan and how they invest.

The secretive family doesn't appear to be about to let investors in on their formula just yet. But we can gather some important tips from the company's publicly available moves to make us all better at our craft. Let's take a closer look at three of these strategies.

Bet on Canada's farmers

The Richardson family has been involved in agriculture for all of the company's 152 years in operation. It started as a grain merchandiser when James Richardson founded it in 1857. It has since grown to be one of North America's largest agri-business concerns, boasting assets like canola oil processing plants, crop input facilities, and grain storage and transport. The division has some 2,500 employees across North America.

Canadian investors can get similar exposure by investing in **Nutrien Ltd.** ([TSX:NTR](#))([NYSE:NTR](#)), a vertically integrated manufacturer and seller of crop fertilizer, seeds, and crop protection products for North American farmers.

The bull thesis is simple. It's incredibly expensive to farm in 2019. Equipment costs have skyrocketed,

and land prices keep marching higher. A farmer who isn't investing in the success of their crops will be left behind, which is good news for North America's undisputed leader in fertilizer sales.

Since Nutrien also dominates fertilizer manufacturing, it can use sales information to better manage its supply. This will help avoid gluts of supply on the market, which pushes prices down.

Nutrien shares pay investors a generous — and recently increased — 3.4% dividend while the stock trades at a reasonable 17x expected forward earnings.

Diversification

[Diversification](#) has long been an integral part of the Richardson family dynasty.

The company is involved in at least four different businesses — and who knows how many additional under the radar investments the family has made over the years.

As much as investors might want to concentrate on their best ideas, the fact is diversification protects you just in case those best ideas don't work out. Focusing your entire net worth on just a handful of ideas is silly.

Patience

After some 70 years in business, the previous financial services portion of Richardson and Sons was acquired by **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) in 1996. The deal, valued at \$480 million, was paid for using a combination of cash and Royal Bank stock.

The Richardsons held onto the majority of the stock received in the deal and now own more than \$1 billion worth of Royal Bank shares. That's an impressive investment.

It's easy to see why the company would hold shares in Canada's largest bank for 20+ years. Royal Bank is a financial services behemoth, leading the Canadian banking sector in assets, deposits, mortgages outstanding, and wealth management. It also has large capital markets and insurance divisions. And remember that RBC is also big in both retail banking and wealth management in the United States.

One reason why the Canadian banking sector is such an attractive place to invest is because of mortgage default insurance, which protects the bank in case of a borrower not paying their mortgage. This has been around long enough Canadian investors forget about it, but it's incredibly powerful to know the riskiest mortgages are backed by the Canadian government.

And remember, Royal Bank pays an attractive 3.8% yield. The Richardson family's dividends alone from their Royal Bank stock likely exceed \$40 million annually.

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