



## 2 Canadians Who Could Be the Next Warren Buffett

### Description

Warren Buffett is the undisputed champion of the global investment industry. The world's third-richest man is also the only one to make it to the top of the list solely by investing money, rather than entrepreneurship or technology innovation.

Since taking over his Omaha-based business in 1965, Buffett has managed to expand its book value by 18.7% compounded annually compared to 9.7% for the S&P 500. However, his portfolio has underperformed the broader market over the past 10 years, which indicates that it's probably too late to invest in Buffett's genius.

Instead, investors seeking growth and long-term bets would be better off identifying the next Buffett. Investment professionals, deal makers, or money managers with long track records of creating value for shareholders through asset allocation and clever acquisitions should be on every investor's radar. Here are my two picks.

### Mark Leonard

Former venture capitalist Mark Leonard is what I believe Buffett would have looked like if he focused on technology companies. Leonard's Toronto-based technology conglomerate **Constellation Software** ([TSX:CSU](#)) was launched in 1995 and has been his primary investment vehicle ever since.

The company focuses on acquiring and integrating niche enterprise software companies. Over the past 20 years, the company has absorbed over 300 smaller firms. If that sounds like a lot, Leonard says his potential investment universe includes another 38,000 software vendors across 12 verticals.

His investment track record is beyond dispute. Constellation's return on invested capital has averaged 31.9% since 2008, while the stock has compounded at a rate of roughly 38% over the past 12 years.

Leonard's unprecedented track record and laser focus on niche enterprise technology earns him the comparison with the Oracle of Omaha.

## Prem Watsa

Unlike Leonard, Watsa shares a lot more similarities with Buffett. Watsa doesn't focus on technology and powers his investments through the float generated by his insurance company, **Fairfax Financial Holdings** ([TSX:FFH](#)).

The company has managed to deliver a 18.5% compounded annual return to shareholders since 1985. If that rate continues, investors can expect the stock to double once every four years or so.

Watsa differentiates himself from Buffett by focusing on overseas investments alongside his North American holdings. His company operates two subsidiaries focused on investing in Africa and India, while Watsa has also deployed considerable funds in Europe in recent years.

Fairfax's stock price action has been [underwhelming for the past few years](#). However, I believe the company's generous stock-repurchase program coupled with its 2% dividend yield, offset this temporary underperformance. Long-term investors should see the suppressed price as a signal to buy.

## Foolish takeaway

Warren Buffett's investing track record is going to be nearly impossible to replicate. However, some experienced investors have had success implementing Buffett's long-only, value-oriented strategy. In Canada, I believe Mark Leonard and Prem Watsa are part of this small cohort.

Fortunately, they both have listed companies which are open to the average investor.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:FFH (Fairfax Financial Holdings Limited)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
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vraisinghani

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