



The Advantage You Have Over Warren Buffett

Description

Warren Buffett has often said he's envious of normal retail investors, because they have better access to great deals than he does. At first thought this may seem odd. How can investors with thousands of dollars in their portfolio have better access to great deals than the CEO of a \$500 billion company?

It's because the large scope of his company, **Berkshire Hathaway**, makes a lot of investments inconsequential because the size of the investment in the company would be too small.

Consider a company with a market cap of \$200 million. If Berkshire were to buy it and it doubled in a year, it would make a \$200 million profit.

For most investors, having a stock that doubles in a year would be huge, but for Buffett, earning \$200 million is pretty insignificant for a company that has trailing 12-month operating earnings of \$38 billion.

Since many of these smaller companies would provide insignificant returns in even the best-case scenarios, Buffett doesn't even bother analyzing these investments, leaving them to retail investors.

This means investors have access to most of the high-quality companies capable of earning the highest returns and multiplying the initial investment.

Two of those companies are **Questor Technology** ([TSXV:QST](#)) and **Bonterra Energy** ([TSX:BNE](#)).

Questor Technology

Questor is a clean tech company that is focused on reducing emissions for companies. It's in the business of selling, renting, and servicing its devices, which companies use to combust waste gasses.

Not only is Questor's technology game changing, as more countries move to impose environmental restrictions, the technology could become mandatory. This would provide Questor with huge [growth](#) in its revenue for years to come.

What's even more promising is that Questor says its technology will save money and improve efficiency of the companies using it. This is always important because no company will want to change its existing operations unless it's mandatory or there is some type of benefit to its bottom line.

As the world continues to move toward climate change agreements and greener laws, Questor is a prime company poised to benefit.

With a market cap of just ~\$110 million, the company is giving investors a huge opportunity for tons of growth.

Bonterra Energy

Bonterra Energy is a small-cap oil stock that is positioned well for long-term investors. Its stock has been trimmed by nearly 75% in the last 12 months.

The major fall in its stock price has brought it down to a market cap of approximately \$150 million, making it the perfect opportunity for investors to get in on a stock that has potential to multiply many times over.

It will do approximately 12,700 barrels of oil equivalent per day of production in 2019. The company's production is made up of 62% oil, 7% liquids, and 31% natural gas.

Bonterra is mainly light oil focused, and its average decline rate is just 21%, meaning the company has to spend less sustaining capital, which leaves more money for free cash flow.

The company is a prudent capital manager that is always looking out for the best interest of long-term shareholders.

Bonterra calls itself a yield company focused on per share value creation. Currently, the dividend yields roughly 2.6%, while the company and investors wait a turnaround in the oil markets.

Bottom line

There are a number of companies available to investors that present the opportunity for large capital gains. Finding small-cap stocks with huge opportunities is not as hard as you may think; you just have to know where to look.

Once you identify a top-quality company, then it's all down to buying it cheap enough.

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1. TSX:BNE (Bonterra Energy Corp)
2. TSXV:QST (Questor Technology Inc.)

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