



Canada's Warren Buffet Is Betting on These Stocks

Description

You'd be hard pressed to encounter a retail investor that doesn't know the name Warren Buffet. Buffet is famous for value investing, as investors worldwide model their portfolios based on his investment philosophies.

In Canada, we have our own version of Warren Buffet: Prem Watsa. In fact, he has been dubbed the "Canadian Warren Buffett" thanks to his adherence to value investing and his subsequent success. Prem Watsa is the billionaire founder, chairman and chief executive officer of **Fairfax Financial Holdings** ([TSX:FFH](#)).

There are a number of ways that investors can jump on the Prem Watsa train. For starters, they can purchase shares in Fairfax Financial directly, which is the simplest and easiest way to track Prem Watsa's performance.

The other way is to analyse Prem Watsa's portfolio. Interestingly, there are only two **TSX**-listed companies featured in his top 20 holdings: **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)).

Are either of them a buy today? Let's take a look.

A struggling tech company

Prem Watsa made a big bet on BlackBerry — scratch that, he made a big bet on CEO John Chen. In a recent interview he explained why his company took a big stake in the struggling tech company. "The reason we put a lot of money in [BlackBerry] was because of [CEO] John Chen. John Chen is an outstanding executive... long track record...if he hadn't come, we likely wouldn't have put [in] any money."

It's a bet that has yet to pay off. As of the end of September, BlackBerry accounted for approximately 20% of Fairfax Financial's portfolio. They own over 46 million shares worth approximately \$348 million. Unfortunately, BlackBerry has underperformed in a big way.

After a disappointing second-quarter, its stock tanked by 23% and Prem Watsa lost \$121 million in a single day. Ouch. Despite significant losses, however, Canada's famed billionaire has thus far defended his position in BlackBerry.

Even the most prolific stock pickers in history don't have a perfect record. Is BlackBerry one of Prem Watsa's [biggest mistakes](#)? Although the story hasn't fully played out, it's a high-risk, high-reward play. Proceed with caution.

A bet on South America

The second largest Canadian position is that of Bank of Nova Scotia. Although it's not nearly as significant a position as BlackBerry, at \$13.3 million it's the ninth-largest holding. It's also a new position for Fairfax as the entire stake was purchased in the fourth quarter of last year.

Bank of Nova Scotia is in the process of disposing of non-core assets and will instead focus its international operations on Latin America. It's a move that the markets have embraced, as it's been the second-best performing bank of the year.

[Recent performance](#) has been a nice change of pace for the bank, which has trailed the Big Five over the past few years. In the third quarter, it was one of only two of Canada's Big Five banks to beat on both the top and bottom lines.

Despite its recent outperformance, it remains a bargain, trading at a cheap 10 times forward earnings and below historical averages.

Regardless of your risk appetite, Bank of Nova Scotia is one Prem Watsa bet that investors can feel comfortable making themselves.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BB (BlackBerry)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:FFH (Fairfax Financial Holdings Limited)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Tech Stocks

Date

2025/08/18

Date Created

2019/10/20

Author

mlitalien

default watermark

default watermark