



Revealed: Insiders Are Betting Big on These 2 Stocks

Description

Investing is all about information. And no one has better, more accurate information than the insiders running the company. Senior management and board members can easily act on improving financials and better outlooks before the quarterly earnings release. These insiders also tend to be experts in their domain.

Fortunately, insider trading activity is well regulated and publicly published. Investors can track these insider moves to gauge the sentiment of the people running the company. The **Horizons Insider Index** fund offers a convenient rundown of the companies with the most insider purchases.

Here are the top two I think are most interesting.

Brookfield

The Horizons Insider Index features not one, but two Brookfield stocks on the list of top companies with insider purchases of stock. Parent company **Brookfield Asset Management** is the seventh-largest holding in the index, while green energy subsidiary **Brookfield Renewable Partners** is the second largest.

Canada's largest asset manager is already a household name and is widely considered one of the best financial stocks on the market. The fact that the Brookfield team is buying its own stock indicates that some of the brightest minds on Bay Street consider their own company to be undervalued.

Meanwhile, Brookfield Renewable is one of my favourite green energy stocks in the world. Not only is it backed by a financial heavyweight, but the stock seems to be perpetually undervalued, which has pushed its dividend yield unbelievably high. The stock price has doubled over the past year and currently offers a 4% dividend yield.

Both stocks are excellent candidates for investors seeking robust growth and stable passive income over the long term. Insider buying activity suggests they're undervalued at the moment.

Canaccord

Another financial company with heavy insider purchase activity is Toronto-based **Canaccord Genuity** ([TSX:CF](#)). Unlike Brookfield, Canaccord seems to have had a rough few years. The stock has been nearly flat since 2015. The dividend yield, at just 3.74%, isn't very impressive either.

However, the management team, board members, and senior employees seem to be betting on a brighter future for the investment banking firm. The stock is the eighth-largest holding in the Horizons Insider Index portfolio.

Aggressive insider bets are only one of [six reasons](#) I believe this stock is poised for a phenomenal surge ahead. The company has successfully expanded earnings in recent years and is spending more of that net income on buying back shares from the open market.

That buyback program and dividend yield is more than covered by the company's annual earnings. The dividend-payout ratio is just 11%, which indicates plenty of room to reward shareholders in the future. In fact, the stock could double dividends and become one of the best dividend stocks on the market without spending more than a fourth of net income on payouts.

Finally, the company seems to have nearly \$1 billion in cash on hand and has received buy ratings from some top Bay Street analysts in recent years. Canaccord could well be one of the most underrated stocks on the Canadian market at the moment.

Bottom line

Insiders tend to know more than retail investors, so insider purchase activity could indicate undervaluation. Brookfield and Canaccord are on my radar because of this.

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