



## Warren Buffett Got Rich From This Theme: Here Is How You Can, Too!

### Description

Warren Buffett once again impressed investors with his ageless wisdom, wit, and humility at **Berkshire Hathaway's** Annual General Meeting last Saturday. Mr. Buffett detailed his journey through the 1930's Great Depression and preached American transformation and resiliency. One theme that stood out to me, and likely other investors, was his [concluding statement](#): "In the end, the answer is, never bet against America."

If Warren Buffett, one of the greatest investors ever, believes America is still the best place to invest your money, I am not going to bet against him. Every Canadian should have some portfolio exposure to the U.S. — either through U.S. stocks or **TSX** stocks exposed to the U.S.

In an ode to Warren Buffett, here are two TSX-listed stocks that are betting on America, and it is paying off in a big way.

### Warren Buffett bets on boring essentials

Warren Buffett is well known for finding value in boring, essential-type stocks. **Richards Packaging** ([TSX:RPI.UN](#)) fits the bill perfectly. It makes containers and packaging for the food, beverage, cosmetic and healthcare industry. Around 65% of its operations are based in the U.S., and the rest in Canada.

I think Warren Buffett would appreciate its Q1 results released on Tuesday. It absolutely blew estimates out of the water. Sales increased 33% year over year with 24.9% organic growth. Adjusted EBITDA increased 17%. Net income per unit increased 146% year over year.

Demand for disinfectant containers and other healthcare-related packaging just exploded. This particularly took place within its U.S. segment. I believe Richards will continue to see long secular demand, while the coronavirus remains a significant health risk. Being a Canadian company, it also gets the added benefit of the U.S. exchange boost to EBITDA. While that is not a reliable metric to base future results on, the U.S. dollar will likely continue to outperform the Canadian dollar.

This quarter just demonstrated why Warren Buffett would love this kind of stock. Great organic growth,

the ability to accrete significant cash flow, a nice 3% yield, strong business resiliency, and a growing bet on the United States. This company will likely be debt free by the end of the year, and I think it only goes up from here.

## Bet on the American middle class

Warren Buffett has often used his investment portfolio to bet on the growing American middle class. One dividend-paying stock that is also betting on this trend is **BSR REIT** ([TSX:HOM.U](#)).

It is a TSX-listed apartment REIT, 100% located in America — mainly Texas, Arkansas, and Oklahoma. Its 37 garden-style properties have attractive amenities (pools, games rooms, work-out facilities), but are catered to the middle class. Rent averages around US\$900 per month. This is a really attractive characteristic, especially during the pandemic crisis.

The more affordable rents are, the easier it is for tenants to pay in difficult times, and the easier it is to attract new tenants. When an economic recovery occurs, rents can grow.

BSR collected 93.3% of its rent for April, only down 4% from its normal collections average. BSR is also located in some of the top-growth municipalities in the United States. Demand and occupancy should remain strong now (despite the pandemic) and over the long term.

Right now, BSR is [incredibly cheap](#). It is trading only slightly above its IPO price, despite having a higher-quality portfolio now. It pays a 5% yield, and has \$77 million of excess liquidity (should it need it). Think like Warren Buffett and invest in the resiliency of the American middle class by owning this strong, growing apartment REIT.

## Warren Buffett's bets can be wrong, but they are more than often right

America is Canada's greatest ally and trading partner. It is a super-power not to be messed with. Why not bet like Warren Buffett and buy these top-quality TSX stocks that are profiting from strong growth in America?

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:HOM.U (BSR Real Estate Investment Trust)
2. TSX:RPI.UN (Richards Packaging Income Fund)

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