



## Warren Buffett Would Love These 3 Canadian Companies

### Description

Iconic investor Warren Buffett is a fascinating man to follow. He has a truly unique investment style that has stood the test of time — decades, in fact. Investing in companies that are stable in difficult economic times but produce excellent growth and rising earnings over long periods of time can be hard to do in the short term. To do so in a manner that has consistently beaten the **S&P 500** over extremely long stretches of time is even more impressive (though the past few years have gone the way of the markets, as tech names really took off).

Here are three of my top picks for investors with a Warren Buffett investing style.

### Canadian National Railway

Anyone who has read anything on Warren Buffett knows of his affinity for railroads as a very long-term investment. As far as “forever” companies go, it doesn’t get more permanent than railways for investors. Companies like **Canadian National Railway** don’t come along anymore. Trying to get any sort of new rail laid or pipeline built in this day and age is pretty much impossible. Combine this fact with the reality that rail is still the cheapest and most environmentally friendly (you heard that right) way to ship bulk commodities.

An investment in a [railroad like CNR](#) is a bet on long-term economic growth in North America. If you believe this pandemic will have a finite end, then investing today when everything is beaten up could prove to be a handsome investment 10 years from now.

### Suncor

I picked **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) for an obvious reason. Warren Buffett has been a fan of Suncor since around 2013. Things have changed over the years for Suncor. After Suncor acquired Canadian Oil Sands a few years back, Suncor has become heavily tethered to the Alberta oil patch. Therefore, Suncor has been heavily tethered to heavy Western Canadian Select (WCS) crude.

This particular business has been absolutely crushed in recent years. The recent commodity price environment for oil (and heavily WCS oil in particular) has collapsed. This has seriously impacted earnings for all companies operating in this sector.

That said, buying low and selling high requires finding times like these. Sentiment is near all-time lows. As long as long-term catalyst exists for one brave enough to make the investment, making the jump and trusting that things will work out over the long haul could prove to be extremely profitable. This is especially true considering the decline in Suncor's share price in recent months.

## Manulife

The insurance business has been another sector that has been a favourite of Mr. Buffett's over the years. The largest TSX-listed insurer, **Manulife Financial**, provides investors with exposure to what Warren Buffett liked most about insurance companies: their float. An insurance company's float is the premiums that have not been paid out and can be invested in the near term.

Of course, this kind of economic environment does not lend itself well to insurance companies at all. A falling stock market and a rock-bottom interest rate environment is the worst-case scenario for investors in insurance companies.

That said, like the other picks, if you believe there will be life post-COVID and like the prospect of buying great companies cheap, now is the time. Manulife also has excellent exposure to Asia, giving it a leg up on its peers from a growth perspective.

Stay Foolish, my friends.

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