



Jim Pattison: 3 Lessons From Canada's New Warren Buffett

Description

Canada's eighth-richest person, Jim Pattison, is a massively successful investor. In fact, *Bloomberg* recently called him "Canada's Warren Buffett." The 91-year-old has spent his career acquiring niche companies for his conglomerate. Today, he's worth over US\$5.5 billion (CAD\$7.27 billion).

For many investors, myself included, Prem Watsa is Canada's Buffett. However, Pattison's track record probably makes him worthy of the title, too.

The Jim Pattison Group is [nearly as diversified](#) and quirky as Warren Buffett's conglomerate. The firm owns assets like car dealerships, grocery stores, outdoor advertising, radio stations, and food manufacturing, among others. Now, with a global pandemic raging and the economy sagging, Pattison is on the lookout for new investments.

Here's a deep dive into the billionaire's investment thesis during this crisis and three lessons investors like us can take away.

Some industries will never fully recover

"I'd have put 100 per cent of our money into a Great Wolf Lodge [before the crisis], but I wouldn't today," Pattison told the *Vancouver Sun* recently. He believes airlines, hotels and tourism businesses will struggle for several years, as the world deals with the pandemic.

While Pattison isn't divesting from these industries, he is cautious about their prospects. Instead, he's turning his attention to other sectors of the economy that are more resilient.

Other industries are essential

The Pattison Group has been betting on timber and forest products. It owns 13% of **West Fraser Timber**, a Quesnel-based company that produces lumber, LVL, MDF, plywood, pulp, newsprint, and wood chips.

Another forestry company, **Canfor**, is majority owned by Pattison through his Great Pacific Capital Corporation. Pattison owns 51% of the company and wanted to take full ownership last year, before eventually giving up on the plan. Nevertheless, timber and forest products remain a top priority for the billionaire.

The price for timber hit a record high this year, as demand from homebuilders surged. Across North America, developers are building more units than ever before. That's driving the price of lumber through the roof and benefitting Pattison's forestry companies.

These stocks should probably be on your radar for 2020, as the residential real estate market and timber have proven resilient to the economic crisis.

Focus on the environment

"We have got to focus on the environment, the environment, the environment," Pattison said in his interview with the *Vancouver Sun*. Canada's Warren Buffett believes any enterprise that has a harmful impact on the natural environment is "going out of business sooner or later."

This sentiment means the billionaire is making environmental-impact a criteria in his investment checklist. For regular investors like us, this means the smart money is betting on clean energy and sustainability.

Stocks like **TransAlta Renewables** are an excellent proxy for this multi-trillion-dollar shift to green fuels. The stock is up 46% from mid-March this year and still offers a 5.88% dividend yield.

Foolish takeaway

Canada's new Warren Buffett, Jim Pattison, has strong views about the economy during this unprecedented crisis. He believes certain sectors will take longer to recover. His firm is now focused on other sectors of the economy that could outperform, such as timber and clean energy.

For regular investors like us, the billionaire's investment thesis could offer some indication of where Canada's economy is heading and which stocks are worth our attention.

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