2 Ways Canadians Can Invest Like Warren Buffett Today

Description

There is much to emulate in Warren Buffett's life and investment philosophy. If you want to learn a ton about what it takes to be a successful investor, just read one of **Berkshire Hathaway's** (NYSE:BRK-A)(NYSE:BRK-B) Annual Shareholder Letters. They are chock-full of thoughtful commentary on stock markets, past and present. The wisdom Warren Buffett imparts is generally timeless, easy to digest, and useful for all investors.

Emulate Warren Buffett by following his strategies

In Berkshire Hathaway's 2020 shareholder letter, Mr. Buffett remarked on the power of owning "productive assets." Warren Buffett particularly highlighted two asset-rich businesses that he is particularly fond of today: **Burlington Northern Sante Fe** (BNSF) **Railroad** and **Berkshire Hathaway Energy** (BHE). In an ode to the Oracle of Omaha, I wanted to discuss two **TSX** stocks Canadians that share parallels with the aforementioned businesses.

Warren Buffett is a big fan of railroads

Warren Buffett has been a big fan of railroads simply due to the longevity of their assets. They are essential and their infrastructure is impossible to replicate or replace these days. He has seen tremendous gains since privatizing BNSF.

While much smaller than BNSF, **Canadian Pacific Railroad** (TSX:CP)(NYSE:CP) is a railroad that just keeps looking better and better. If you haven't heard the fuss, last month, CP announced its intention to buy **Kansas City Southern Railway**. If approved by regulators (and that is a very uncertain "if"), it would create the first rail line that connects across Canada, the U.S., and Mexico.

I believe CP will gain a very strong competitive advantage by connecting across the continent. Already, many of its customers have resoundingly supported the proposal. While this TSX stock is not cheap, it is very well run, highly profitable with industry-leading efficiency ratio. Forget the acquisition and this is still a fantastic business to own for the long haul.

Energy pipelines have great competitive moats

Last year, Warren Buffett's Berkshire Hathaway Energy acquired a major natural gas pipeline in the eastern U.S. However, he was criticized for Berkshire's limited exposure to renewables and green energy. Yet, I think he was being opportunistic in a down energy market. Natural gas is going to be a major component in the green energy transition for years, if not decades to come.

Pipelines are almost impossible to build these days. The less pipelines being built mean that current pipelines should become more valuable. Consequently, they have great competitive moats.

Like railroads, they are essential toll roads for the energy industry. That's why I like **TC Energy** (TSX:TRP)(NYSE:TRP). It has one of North America's largest natural gas pipeline networks. In fact, it transports more than 25% of North America's energy demand.

The company just had one of its largest projects to date, Keystone XL, axed by the Biden administration. Consequently, the company will take some major write-downs in the first quarter of 2021.

Yet, TC still has a robust $20 billion development pipeline that it continues to progress forward. As a result, it still expects 5% to 7% annual growth for the foreseeable future. Its stock is relatively cheap and it pays a nice 5.9% dividend.

TC just raised that payout by 7% and I expect dividend growth to continue for many years to come. If Warren Buffett is taking the long approach on these types of assets, then Canadian investors could probably do well by taking the long approach as well.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BRK.B (Berkshire Hathaway Inc.)
2. NYSE:BRKA (Berkshire Hathaway Inc.)
3. NYSE:CP (Canadian Pacific Railway)
4. NYSE:TRP (Tc Energy)
5. TSX:CP (Canadian Pacific Railway)
6. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

Date
2025/07/22
Date Created
2021/04/15
Author
robbybrown