



How Warren Buffett Built His Fortune, and How You Can, Too!

Description

Warren Buffett is a great American patriot. In fact, he has largely built a career (and a fortune) by investing in America — so much so that he believes **Berkshire Hathaway** (NYSE:BRK.A)(NYSE:BRK.B) likely owns the largest amount of U.S. assets by value then any other American company. Frankly, Berkshire's vast empire has largely expanded on the shoulders of American ingenuity, capitalism, and progress.

Warren Buffett grew his empire by betting on America

Now, Canadian investors, don't take this as a piece of U.S. propaganda. I am merely stating that our southerly neighbours have developed and projected ideologies and technologies that have benefited both themselves and the world. Consequently, I believe Canadians should heed Warren Buffett's advice to "never bet against America."

Buy great Canadian stocks operating in America at a discount

Interestingly, in Canada, there are a number of wonderful Canadian-listed stocks, which, like Warren Buffett, are benefitting from operations in the United States. Considering the U.S is quickly deploying vaccines and life is steadily normalizing, I think it holds some intriguing opportunities right now.

Canadian stocks that largely operate in the U.S. often benefit from a [great value](#) arbitrage. Americans don't want to invest on the Canadian stock exchanges, and many Canadian institutional investors have limitations for slotting these stocks into their funds. Given this valuation disconnect, here are three Canadian stocks that can help you win the Warren Buffett way.

A fast-growing U.S. healthcare business

The first stock is **VieMed Healthcare** ([TSX:VMD](#))([NASDAQ:VMD](#)). It is a leading provider of solutions and services in respiratory and ventilation therapies in the United States. Last year, VieMed saw a

huge surge in demand for its ventilation machines (due to the pandemic). While machine sales is not a core part of its business, it elevated sales and earnings to record levels in 2020.

Once out of the pandemic, the company has a strong organic growth pipeline (upwards of 30% a year) in its core in-home respiratory services business. VieMed has a large addressable market, demographic tailwinds, and a great cash-rich balance sheet. The company is primed for acquisitions and further geographic expansion this year. This stock is cheap with a 12 times earnings multiple today. Hence, it is presenting some serious Warren Buffett value.

A stock similar to Warren Buffett's energy business

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) is a more well-known Canadian stock. However, a large majority of its operations are in the United States. Recently, in his [2020 annual shareholder letter](#), Warren Buffett praised the merits of his Berkshire Hathaway Energy business. It is set to benefit from the green energy wave by aggressively expanding the U.S. electrical grid.

Likewise, Algonquin is in a similar position to benefit from increased green infrastructure spending. It operates a diversified utility segment, as well as a renewable power business. Algonquin is executing an aggressive +\$9 billion capital plan. This is expected to grow its rate base and earnings by a CAGR of 11% and 8-10%, respectively, to 2025. Plus, it pays a nice 3.8% dividend. It's pretty impressive for a boring utility business.

A real estate stock growing with the American middle class

If you are sick of Canada's snowy, cold winters, then perhaps you might want to set your sights on **BSR REIT** ([TSX:HOM.U](#)). While it is TSX-listed, it acquires and operates multi-residential properties exclusively in the southern U.S. sunbelt. The large majority of its properties are in Dallas, Houston, and Austin. These are some top American growth regions for migration, population growth, and employment.

Consequently, BSR's affordable rental rates combined with attractive amenities (pools, work-out facilities, clubhouses, etc.) are highly attractive to millennial professionals. This REIT had very steady occupancy, rent collections, and rental-rate growth through the pandemic. Despite a high-quality portfolio and a very invested management team, this REIT trades at a decent discount to its U.S. peers. It pays a 4.5% dividend today.

While Warren Buffett has never invested significantly in real estate, this company is playing on the growing middle class in America. Consequently, it benefits from the same themes that Warren Buffett has largely built his fortunes on over the past 50 to 60 years.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NASDAQ:VMD (Viemed Healthcare)
2. NYSE:AQN (Algonquin Power & Utilities Corp.)
3. NYSE:BRK.B (Berkshire Hathaway Inc.)
4. NYSE:BRKA (Berkshire Hathaway Inc.)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
6. TSX:HOM.U (BSR Real Estate Investment Trust)
7. TSX:VMD (Viemed Healthcare)

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