



Invest Like Warren Buffett: What Are Some of His Favourite Stocks?

Description

There's no doubt that [Warren Buffett](#) is one of the most famous investors of all time. Coming from humble beginnings, Buffett has managed to amass a net worth which exceeds US\$100 billion. He did it by buying and holding solid companies [over the long term](#). Fortunately, you could also experience financial independence by following his strategy. In this article, I will be providing companies that can mimic American-listed positions in Warren Buffett's portfolio so you can invest like the Oracle of Omaha.

This is likely his favourite sector

The largest position in Warren Buffett's portfolio is **Apple**. This is a company that has managed to beat the market over the past decade and offers a small, growing, dividend. On the **TSX**, Canadian investors should look at **Constellation Software** ([TSX:CSU](#)). This company shares both qualities held by Apple. Over the past decade, Constellation Software has [been a market outperformer](#), gaining nearly 2,800%. This represents an annual return of 40% over that period, which demolishes the annual 4% gain of the broader market.

Like Apple, Constellation Software offers a small dividend (forward dividend yield of 0.29%). However, the company has successfully maintained a dividend-payout ratio under 25%. This suggests that Constellation Software will be able to raise its dividend distribution in the coming years. If you're looking for a solid tech stock to mimic Warren Buffett's top position, Constellation Software is the way to go.

Buffett and his banks

Warren Buffett is also very heavily invested in the financial sector. He holds several banking stocks in his portfolio, including **Bank of America** which sits as his second-largest position. Among the Canadian banks, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is the most attractive option. Bank of Nova Scotia is one of the Big Five Banks and a constituent of the **TSX 60 Index**, which indicates its leadership position within the country.

The company is also notable for its exposure to the Pacific Alliance. Over the next few years, economists are forecasting that this region will grow at a much faster rate than the G7 countries. If this is true, then Bank of Nova Scotia could surpass its peers and become the top bank in the country. Over the past decade, Bank of Nova Scotia stock has gained 112%. This compares to a 43% gain by the TSX over the same period. The stock also offers a dividend near 5%, which should appeal to a wide range of investors.

This is a growing position in Warren Buffett's portfolio

It's clear that Buffett likes to invest in companies that are less speculative and have a higher chance of returning value to shareholders. The third area investors should focus on is the telecommunication sector. **Verizon Communications** is the sixth-largest position in Buffett's portfolio. Why I've decided to mention this stock and not the third-largest position is because of the activity Buffett has reported over the last quarter. In his latest filing, Buffett reported that he increased this position by 151%.

A similar stock listed here in Canada would be **Telus**. Like Verizon, Telus covers much of its home country. In fact, no other telecommunication company has a larger coverage area. Telus currently has more than 16 million customer connections, a number that has continued to grow quarter over quarter. Telus has been a stellar market outperformer over the past decade, gaining 211%. This represents an annual growth of 12%. Warren Buffett is starting to build a position in telecoms. It may be a good idea to do the same.

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11. market

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Author

jedlloren

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