



## TFSA Picks: This Cheap Stock Could Be Any Value Investor's Dream Buy

### Description

**Clarke** ([TSX:CKI](#)) is an investment company whose objective is to [maximize shareholder value](#). While not the perfect metric, the company believes that Clarke's book value per share, together with the dividends paid to shareholders, is an appropriate measure of the company's success in maximizing shareholder value over time.

The company attempts to maximize shareholder value by allocating capital to investments that it believes will generate high returns and reallocate capital over time, as needed. In doing so, Clarke's goal is to identify investments that are either undervalued or are underperforming and may be in need of positive change.

### Investment flexibility

Investments may be companies, securities, or other assets such as real estate, public stocks, or private entities. The company seeks active involvement in the governance and management of the company in which it invests. In these cases, Clarke acquires security with a view of changes that could be made to improve the underlying company's performance and maximize the company's value.

When Clarke believes that an investee company has [implemented appropriate changes](#) and the value of the investee company has reached or exceeded the intrinsic value, Clarke may sell the company's investment. Clarke generally invests in industries that have hard assets, including manufacturing, industrial, energy, and real estate businesses.

### Diverse segments

The company operates in two reportable business segments. The existing investment segment represents the company's marketable securities portfolio, the company's ferry business, and the company's vacant office properties in Houston, Texas. The hospitality segment consists of the company's ownership and operation of hotels. Revenue from external customers is earned through management service fees and rental income.

Clarke employs a team of professionals who are dedicated to the selection and review of investment opportunities. These individuals identify businesses with strong underlying fundamentals or strong asset value that are undervalued in the public market or present an opportunity for Clarke to improve shareholder value through strategic, operational, and other improvements.

Clarke often seeks an active role in the businesses in which it invests, particularly where such involvement could yield greater shareholder value.

## **Robust investment process**

The Clarke investment team monitors existing and prospective investments and makes regular adjustments to the company's investment portfolio with the objective of allocating capital to those investments that are expected to generate the best returns.

Clarke also currently owns three vacant office buildings in Houston with approximately 435,000 square feet. The properties were acquired far below the cost at which the buildings can be replaced, and the company is actively working to redevelop and lease the properties.

Further, the hospitality segment is composed of the operations of Holloway. Holloway owns 17 hotels across Canada, of which 13 hotels are limited-service properties, three are full-service properties and one hotel is leased to a third party.

Of the 16 hotels operated by Holloway, 15 hotels are operated under internationally recognized hotel brands and one hotel is independent.

Overall, Clarke could be a great stock to own over the long term to achieve market-beating returns.

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1. canada

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