‘Be an investor, not a trader’: Money manager Christine Poole’s best tips and stock picks for the moment

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While many investors have been waiting out the recent market volatility, money manager Christine Poole has been busy buying.

“This pullback has been healthy. The market is adjusting to the expectation of higher interest rates,” said Ms. Poole, the chief executive officer and managing director of Toronto-based GlobeInvest Capital Management Inc., which oversees about $280-million in assets.

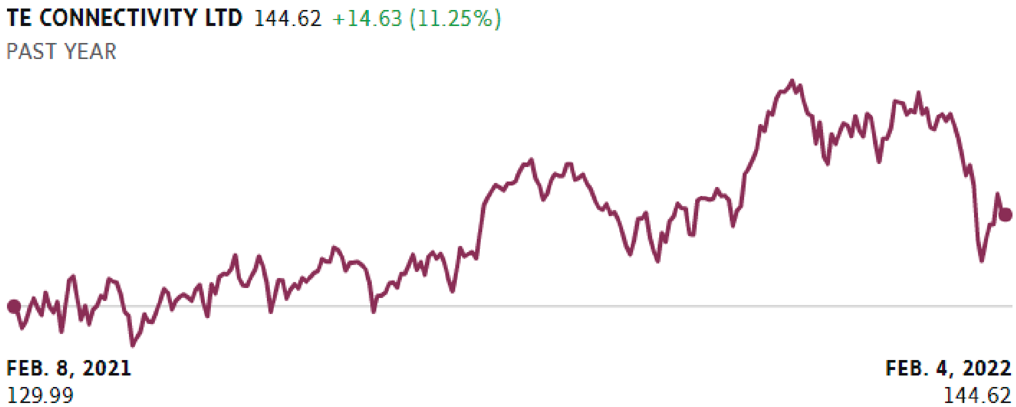
“We’ve been doing more buying and taking advantage of the pullback to build positions for clients,” she said, adding that she doesn’t see a recession on the horizon.

The recent purchases come after she trimmed positions in a few stocks over the past quarter, including The Home Depot Inc., Google parent Alphabet Inc. and Apple Inc., shoring up cash for times like these. (She still owns these names).

GlobeInvest Capital Management has returned just under 27 per cent across its all-equity mandates in 2021, while its compound annualized growth was 11 per cent over the past five years and 10 per cent over the past decade. Ms. Poole notes her client portfolios are managed separately across four different asset allocation strategies.

Globe Investor recently spoke to Ms. Poole about some of her favourite stocks right now, her best and worst stock picks in recent years and investing advice she gives her family.

Her three stock picks include:



Friday close: US$144.62
One-year return: 12.9 per cent

Her firm bought shares in this global manufacturer of sensors and electrical connectors in December as a play on the growth of electric vehicles (EVs) and autonomous driving technology. The stock dropped a bit in January after its automotive orders missed expectations, which Ms. Poole saw as an opportunity to buy a bit more.

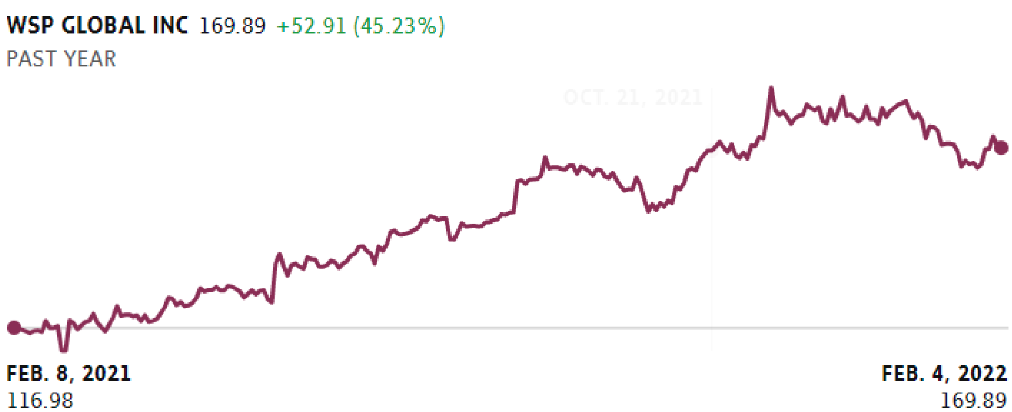
Management said revenue could be lumpy depending on the supply chain and program wins and encouraged investors to consider long-term growth trends, she said, “which is what we do. We are buying on weakness.”

Friday close: $69.71
One-year return: 34.5 per cent

Ms. Poole's firm is a long-time holder of this large Toronto-based alternative asset manager, which has a mix of infrastructure, real estate, renewables, private equity and reinsurance, and has been adding on the recent dip.

"Even though interest rates are going up, they're not going to go up to the extent that alternative assets are no longer going to be an attractive investment option," she said. "Brookfield has an excellent track record of generating good returns for their clients."

She also notes the company owns several hard assets with stable cash flows that tend to be indexed to inflation.



Friday close: $169.89
One-year return: 44.5 per cent

Her firm first bought this Montreal-based engineering, design and consulting firm in mid-2020, at about $85, and has been adding on pullbacks.

"We like the sector because of the growth opportunities in the transportation, environment and infrastructure markets," she said, noting that it has been growing both organically and through acquisitions. "They buy well and they integrate well."

Canada represents about 14 per cent of WSP's revenues, according to a recent investor presentation, with the remainder spread across the U.S., Europe, the Middle East, India, Africa and Asia. "We like that," Ms. Poole said of the global mix.

WSP also has a large institutional shareholder base, including the Caisse de dépôt et placement du Québec and the Canada Pension Plan Investment Board, which own about 18 per cent and 15 per cent of the shares, respectively, according to S&P Capital IQ.

Worst stock pick:

Ms. Poole says her worst pick was appliance manufacturer Whirlpool Corp., which her firm bought in June, 2016, at about US$178 – and sold in July, 2018, for about US$127. "We saw room for growth and margin improvements outside of North America, but then rising raw material costs, trade wars and competition became issues. We lost confidence in management and packed it in," she said.

Best stock pick:

After selling Whirlpool, her firm bought Microsoft Corp. at about US$103 in October, 2018. The stock has since tripled.

"The growth in cloud computing, moving Office 365 to a subscription model and acquisitions like LinkedIn have helped," she said. Microsoft has benefited from the work-from-home trend, especially with platforms such as Microsoft Teams.

"It's one of the top holdings in our client portfolios, and we've been buying more on the recent pullback."

Investing advice you give family members:

"I tell them to be an investor, not a trader. To have a long-term investment horizon," Ms. Poole said. "Trading is a lot more difficult and harder on the nerves. And know what you're buying, don't just do it because you heard about it from a friend or saw something about it on TV."