

Alex Ruus busts records

Tuesday, Apr 17, 2007

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WINNIPEG (GlobeinvestorGOLD) – Alex Ruus is rewriting performance records with a mix of large caps returning to favour and small caps just beginning to get respect.

His Northern Rivers Conservative Growth Limited Partnership produced a 36.7-per-cent return for the 12 months ended March 31, 2007. That was nearly four times the 9.5-per-cent average return of Canadian equity funds for the period. Mr. Ruus, a vice president and partner at Northern Rivers Capital Management Inc. in Toronto, has headed the \$14-million fund, intended for accredited investors willing to commit \$25,000, since inception in November, 2005.

“I am a long term value investor,” Mr. Ruus said. “I want stocks trading at a discount to their intrinsic value. Near term performance is important, but I tend to take a long term view as well. I concentrate my bets in the top ten picks, which usually represent 60 to 70 per cent of the total value of the fund. What’s more, as a value investor, I am willing to be patient. As long as a company has a sustainable competitive advantage, I can stick with it.”

Bank of America is a financial services giant based in Charlotte, North Carolina. Shares purchased at \$48.74 (U.S.) have recently traded at \$51.23 with a \$2.24 annual dividend equal to a yield of 4.4 per cent. Bank of America is grossly undervalued, Mr. Ruus said. The company has raised dividends at an average rate of 13.5 per cent every year for the last two decades, he added. As the largest U.S. bank focused on the domestic market, it is in a position to take over competitors, he noted. Earnings for the year ended Dec. 31, 2008 should rise to \$5.40 per share from \$4.95 a year earlier and \$4.66 for 2006. Within a year, shares should hit \$60, he suggested.

Westjet Airlines Limited is a Calgary-based airline whose shares Mr. Ruus purchased at an average cost of \$10.69. Shares have recently traded at \$16.98. Airlines stocks as a whole are problematic, but Westjet is the best airline in North America, Mr. Ruus noted. Westjet took the best features of the discount model pioneered by Southwest Airlines and improved on them by bonding management with rank and file workers. Friendly employees help fill seats, he added. Westjet buys fuel contracts efficiently as well. As a result, earnings for the year ended Dec. 31, 2008 should rise to \$1.40 from \$1.15 a year earlier and 89 cents for 2006, he predicted. Within a year, shares could hit \$22, he said.

ZCL Composites Ltd. is an Edmonton-based company that makes fiberglass tanks for storage of liquids and low pressure gases. Shares purchased at an average cost of \$3.58 have recently traded at \$14. ZCL has become a leader in its main market of making gasoline tanks for service stations with a proprietary technology that helps it make stronger vessels with less material, Mr. Ruus said. The company is just beginning to sell its products in the U.S. As a result, earning for the year ended Dec. 31, 2008 to 70 cents from 50 cents a year earlier. Within 12 months, shares should hit \$20, he said.