

4 Stocks Poised to Profit From India's Budget in 2016

Description

When Justin Trudeau has India on his mind, you can't afford to ignore the impact the nation might have on your portfolio. In his recent mandate letter to Trade Minister Chrystia Freeland, Mr. Trudeau emphasized how expanding trade with India is among Canada's top priorities right now. India is opening its doors to foreign investors like never before, as evidenced in its recently announced 2016 budget.

For investors, the time is ripe to look for stocks that could make the most of improved trade links between India and Canada. In fact, four stocks look particularly attractive right now if you go by some of the plans that India revealed in its budget.

Cameco Corporation ([TSX:CCO](#))([NYSE:CCJ](#))

India is planning to spend nearly US\$445 million a year over the next two decades on nuclear power projects to boost electricity generation. It has 10 new reactors in the pipeline with a capacity of 7,700 megawatts; and the government is keen to attract foreign investment by bringing down the costs for foreign reactors significantly.

That's great news for Cameco—one of the world's largest uranium producers—as nuclear power plants essentially run on uranium fuel. As Cameco already signed an agreement with India last year to provide 7.1 million pounds of uranium through 2020, it could have a lead over other players as India pursues its ambitious nuclear plans.

Sun Life Financial ([TSX:SLF](#))([NYSE:SLF](#)) and **Fairfax Financial Holdings Ltd.** ([TSX:FFH](#))

India gave a big push to insurance in its budget by allocating big sums to the industry and relaxing foreign investment norms that were posing to be major growth hurdles. That should be music to the ears for Sun Life and Fairfax.

Sun Life has emerged as one of the key players in India's insurance space thanks to its long-standing joint venture—Birla Sun Life—with one of India's leading conglomerates, the Aditya Birla Group. Earlier this month the Indian government approved Sun Life's proposal to increase its stake in Birla Sun Life to 49% from 26%. That places Sun Life in a stronger position to exploit the high potential and hugely untapped Indian insurance industry.

Likewise, Fairfax Financial Holdings, the controlling shareholder of **Fairfax India Holdings Corporation** ([TSX:FIH.U](#)) should be another beneficiary. Fairfax India is rapidly acquiring stakes in established local players to gain a foothold in the Indian financial services sector.

In an interesting move, Fairfax India just confirmed that it's buying a 33% stake in one of India's internationally acclaimed airports for roughly US\$322 million. In other words, Fairfax wants to be more than just an insurance player in the Indian market. With Canada's Warren Buffett, Prem Watsa, at the

helm, these investments shouldn't disappoint investors.

Brookfield Asset Management Inc. (TSX:BAM.A)([NYSE:BAM](#))

Canada's largest alternative-asset-managing company hit the bull's eye in 2015 when it acquired nine infrastructure projects from India-based Gammon Infrastructure. The timing couldn't have been better for two reasons.

First, India is on a massive growth path under Modi's leadership with infrastructure topping the government's focus areas. Put another way, Brookfield's investment in the nine power and road projects could turn out to be a game changer.

Second, India removed a major tax hurdle for real estate investment trusts (REIT) to encourage the listing of global REITs on the Indian stock exchanges. That represents a huge long-term opportunity for Brookfield as it aggressively accumulates distressed yet quality realty assets in the nation at lucrative prices. Keep a close eye on this one.

CATEGORY

1. Investing

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1. Editor's Choice

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