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# FAIRFAX

## FINANCIAL HOLDINGS LIMITED

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### Safe Investors: It's Time to Buy Fairfax Financial Holdings Ltd.

#### Description

**Fairfax Financial Holdings Ltd.** ([TSX:FFH](#)) is a bomb shelter that investors can hide in during a market crash, which may happen sometime over the next few years.

It's inevitable. There will be a stock market crash that will cause the average stock in global markets to lose half its value. It's just a matter of when this will happen. It could happen this year or it could happen many years down the road. As a safe investor, your job is not to time when the next crash will be. Your job is to make sure you're comfortable with the asset allocation of your portfolio right now, so when the next big crash happens, you'll be ready.

Fairfax has a number of hedges against an economic downturn, so the stock may end up rising in the event of a market crash. The stock recently pulled back by over 20% in the latter part of last year thanks to abysmal earnings reports. The results were poor because of a number of investments that didn't go to well.

Prem Watsa, the CEO of Fairfax, is a bearish investor; he made a big bet on deflation and has been preparing for a market crash for many years in advance. Eventually, he will be right, and investors in Fairfax will be enjoying gains while everyone else falls to their knees.

We're heading into the late stages of a bull market. If you're not prepared to deal with the results of a recession, then it may be time to start loading up on shares of Fairfax while they're cheap, because if the market starts getting volatile and investors are running scared, the stock will already be expensive. As Warren Buffett used to say "...be fearful when others are greedy, and greedy when others are fearful."

What about valuation?

There's no question that investors are bullish on President Trump and his promises to give the U.S. economy a boost. There's less fear in the market, so stocks like Fairfax are trading at a huge discount to intrinsic value. The stock currently trades at an 18 forward price-to-earnings, a 1.2 price-to-book, and a 1.1 price-to-sales multiple, all of which are considerably cheaper than the company's historical average multiples. The stock also pays a generous 2.2% dividend yield that you can collect while you

wait for the fear gauge to increase again.

Fairfax is really cheap right now and would be a perfect addition to any safe investor's portfolio at current levels. Even if you are bullish on the market, the value of the stock is too good to pass up on right now.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:FFH (Fairfax Financial Holdings Limited)

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## Category

1. Investing

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