



Beat the TSX and Buy Into Overseas Growth With These 2 Stocks

Description

In the first quarter, the Toronto Stock Exchange (TSX) came in at 77th place among 93 global exchanges, casting a shadow on Canadian investment. Most recently, **Royal Bank of Canada** CEO Dave McKay [warned](#) that Canada had experienced dramatic investment outflow since the enactment of the U.S. Tax Cuts and Jobs Act in the United States, which slashed corporate taxes from 35% to 21%.

The slowdown in Canadian stocks comes after the Canadian economy beat expectations and led the G7 in growth in 2017. Canadian stocks could theoretically receive a boost if NAFTA negotiations come to a satisfying conclusion, as is expected. However, investors should not be afraid to look overseas, as indexes in the United States also suffer in the midst of heightening trade tensions with China.

The **iShares MSCI Emerging Markets Index ETF** fell 1.96% on April 6, which put the ETF into negative territory for 2018. However, the ETF is still only down 0.08% in 2018 in comparison to the S&P/TSX Composite Index, which has plunged 6.1% thus far. Fears of a trade war and rising interest rates in developed economies have drawn investors [back into emerging markets](#).

The Canadian dollar and the TSX has continued to show weakness in April. Today, investors should consider two stocks that offer exposure to developing economies overseas.

Fairfax Africa Holdings Corp. (TSX:FAH.U)

Fairfax Africa is a Toronto-based investment holding company that seeks to invest in public and private equities and debt instruments in Africa. Fairfax Africa stock has dropped 9.2% in 2018 as of close on April 6 but is up 28.7% year over year. There are a number of reasons to be excited about the growth prospects on the African continent going forward.

Africa is currently home to over 1.3 billion people, and that is expected to grow to 4.2 billion by the end of the century, according to current projections. If these projections hold up, Africa will surpass Asia with the largest labour force in the world by the middle of this century.

The African Development Bank has projected growth of 3.8% in West African economies in 2018 and

estimates this will hit 3.9% growth in 2019. Household consumption and price recovery of materials is expected to be the catalyst for improving economic performance into the next decade.

Fairfax India Holdings Corp. ([TSX:FIH.U](#))

Fairfax India is yet another Toronto-based investment holding company that seeks growth by investing in public and private equities and debt instruments in India. Fairfax India stock has climbed 19.4% in 2018 and is up 30.2% year over year. In 2017, the company reported net earnings of \$452.5 million compared to \$107.8 million in 2016.

The Reserve Bank of India (RBI) expects India to outpace China as the fastest-growing major market in 2018. It also projects that India will avoid blowback from a brewing trade war due to solid domestic consumption and significant interest from overseas investors. **Goldman Sachs Group Inc.** recently projected that India's economy would grow by 7.6% in 2018, exceeding projections by the International Monetary Fund (IMF) in late 2017.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)
2. TSX:HFPC.U (Fairfax Africa Holdings Corporation)

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