



Millennials: Buy These 2 TSX-Traded Emerging Market Kings for Your TFSA This Christmas

Description

Emerging markets aren't just able to sustain higher levels of growth over the long-term, but the degree of market efficiency within an emerging market is considerably lower than that of a developed market, meaning that there's a greater chance of purchasing a stock that's trading at a huge discount to its intrinsic value.

With that in mind, why wouldn't you want to be exposed to businesses within hot markets like India?

Well, there's more volatility for one thing, and if you're like most investors, you're probably feeling reluctant to buy securities in a market you may know nothing about.

You not only need to know about the businesses that operate in the foreign market, but you'll also need to understand the operating environment, and the degree of regulation that operators within the market will be subject to. That's a heck of a lot of homework to do, and if you probably don't know where to get started or if the extra risk-adjusted returns are worth the extra effort.

Fortunately, there is a solution for young investors who crave next-level growth from emerging markets.

Enter **Fairfax India Holdings** ([TSX:FIH.U](#)) and **Fairfax Africa Holdings** (TSX:FAH.U), two foreign investment holding companies that share the same objective of "achieving long-term capital appreciation, while preserving capital in public and private equity securities and debt instruments in India and Indian businesses."

With legendary Canadian investor Prem Watsa doing the heavy-lifting for both holding companies, you'll not only gain exposure to red-hot markets ripe for enormous growth by buying either stock, but you'll also benefit from Watsa's investment skill. The man is always on the hunt for mispriced businesses that are worth more than they're priced at in the public markets.

And by looking to foreign markets like Africa or India, his job becomes that much easier because the markets are less efficient and are more prone to having securities whose intrinsic value differs widely from its market value.

Watsa is a buy-and-hold deep-value investor at heart, so he's not afraid to make a big contrarian bet and sit on it for years at a time. He's set his crosshairs on the biggest opportunities within select emerging markets, and you can be sure that he's always considering the price he'll end up paying before he even thinks about pulling out his chequebook.

Fairfax India owns big stakes in Bangalore International Airport (BIAL) and the National Stock Exchange of India, among a handful of other high-growth investments that Watsa believes will benefit significantly from India's trend of rapid modernization. With the Indian Prime Minister pulling out all the stops to drive economic growth, it's not a mystery as to why smart investors like [Watsa and Warren Buffett](#) have begun nibbling away at the businesses operating within the Indian market.

Both Fairfax India and Fairfax Africa have sold off violently over the past few months thanks in part to the strengthening U.S. dollar, which doesn't bode well for the emerging markets. I think the dips caused in both Fairfax holding companies are a gift courtesy of Mr. Market. And if you're a millennial who's willing to take on short-term pain for long-term gain, you may want to consider picking up one of Prem Watsa's [emerging market "hedge funds,"](#) which could give you the market-beating edge over the long haul.

If I had to pick one, I'd go with Fairfax India, as it's on the cusp of a massive economic boom that could be a generational opportunity for today's growth investors.

The Foolish takeaway

If your portfolio is exposed to the emerging markets like India or Africa, you've given yourself a long-term market-beating edge.

Now, it's going to be a choppier ride, but if you're a young investor like a millennial, the volatility shouldn't faze you because the long-term upside has the potential to be profound. If you're looking for the safest and cheapest way to bet on the emerging markets on weakness, look no further than Prem Watsa, one of the smartest Canadian investors of our time, and his Fairfax family of securities.

Stay hungry. Stay Foolish.

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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