



Stash Your Money in This Stock for the Next 30 Years

Description

The [number one retirement mistake](#) Canadians continue to make is simply not saving enough. If you want to avoid this mistake, there's one critical trick: choose a few long-term investments and automate your savings.

The three stocks below make up an ideal portfolio for savers of any age or risk tolerance.

By selecting long-term investments and automating your investment schedule; for example, automatically depositing a few hundred dollars per month into your brokerage account makes your portfolio becomes a *set it and forget it* machine.

You never have to worry if you're saving enough or if your money is in promising and resilient opportunities.

Want to assemble the perfect portfolio for the next 30 years? These stocks look like your best bet.

This is your guru

If you want to stash your money away for 30 years, it's ideal to find a company or manager with a 30-year track record. This isn't a large group to choose from, as already, in any given year, the majority of money managers fail to beat the market index.

When you expand that time frame to three, five, or 10 years, the percentage of managers outperforming the index falls dramatically.

On a 30-year time frame, there's only a handful of people in the world with a record of outperformance; one of them is Prem Watsa, founder and CEO of **Fairfax Financial Holdings Ltd** ([TSX:FFH](#)).

Fairfax Financial is essentially a baby **Berkshire Hathaway Inc.** (NYSE:BRK.A)(NYSE:BRK.B). Here's how the business model works. Both Fairfax and Berkshire own several insurance companies that collect premiums throughout the year.

These premiums don't need to be paid out immediately, resulting in an outstanding cash balance called a *float*. Both companies can invest this float until claims need to be paid out. At Fairfax, Prem Watsa is in charge of the investments. At Berkshire, it's Warren Buffett.

How has each manager fared over the last 30-plus years? Both Watsa and Buffett have achieved annual share price growth between 15% and 20%. Those results easily trounce the market averages. Watsa and Buffett are some of the only investors who can boast such an impressive track record.

Here's the exciting part: Fairfax is worth just \$16 billion, while Berkshire is worth more than a half *trillion* dollars, which means that Fairfax should easily have 30 years of growth ahead of it.

Berkshire, on the other hand, will start to battle the law of large numbers fairly quickly. After all, it's easier to double or triple in size as a \$16 billion company than it is as a \$500 billion company.

Tricks up his sleeve

Fairfax Financial stock gives you access to one of the best investors in recent decades. It also gives you exposure to the fastest growing economies of tomorrow. That's because the company owns large stakes in both **Fairfax India Holdings Corp.** ([TSX:FIH.U](#)) and **Fairfax Africa Holdings Corp.** (TSX:FAH.U).

Both vehicles, as their names suggest, focus their investments on specific geographies that demonstrate high rates of population and GDP growth.

In recent years, population growth throughout North America has fallen below the replacement rate. That means that over time, the overall population levels should begin to shrink, as citizens aren't producing enough children to offset population loss.

It's extremely hard to grow your economy if populations begin to drop. As India and many countries throughout Africa don't have this problem, don't be surprised to see these regions skyrocket on the "largest world economies" list. When that happens, you'll be glad to own Fairfax Financial stock.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BRK.B (Berkshire Hathaway Inc.)
2. NYSE:BRKA (Berkshire Hathaway Inc.)
3. TSX:FFH (Fairfax Financial Holdings Limited)
4. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)
5. TSX:HFPC.U (Fairfax Africa Holdings Corporation)

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