



Canada's Warren Buffett Will Deploy \$5 Billion in This Country

Description

There's not a lot of investors who can promise a \$5 billion investment with conviction. But that's exactly what Prem Watsa, the founder of **Fairfax Financial**, did earlier this year. Watsa, who is widely regarded as [Canada's answer to Warren Buffett](#), said he would deploy the cash into the Indian economy over the next five years.

Watsa has already deployed \$5 billion in Indian stocks and bonds through his India-focused investment vehicle **Fairfax India Holdings** ([TSX:FIH.U](#)). His promise to double the company's investments in the country come at a time when the region faces its greatest economic slowdown in decades.

Here's why Watsa is making this bold move now and why Canadian investors should probably follow along by adding Fairfax India to their portfolio.

Pivotal time for India's economy

The Indian economy faces tremendous challenges at the moment. The bankruptcy of a major lender has created a liquidity crisis over the past year. Meanwhile, the global trade war has already had an impact on the country's currency. Economic growth slowed to a six-year low in this recent quarter. This means India is no longer the fastest-growing major economy in the world.

All these issues have suppressed the value of Indian stocks, which are currently trading at historically low valuations. That's created an opportunity for value-oriented investors like Watsa to jump in.

Watsa already owns substantial stakes in the country's leading banks, chemical companies, airport operators, and wealth management firms. He remains optimistic about India's long-term growth trajectory and says the country is probably the "single best place" to invest at the moment.

As the holding company intensifies its investments, back home in Toronto, its stock is taking a beating.

Fairfax is undervalued

Fairfax India has been brutally punished by Canadian investors this year. The stock has lost over 21% of its value since January and is currently trading at a price it hasn't seen since 2017.

At \$12, the stock price is nearly 10% lower than the company's book value per share. Bear in mind, Fairfax India is a holding company and its book value could change dramatically if some of the private companies it holds get listed on the Bombay Stock Exchange. In fact, two holdings have already filed for a listing.

Watsa's promise to double investments is a clear indication that he sees plenty of value in this emerging market. His investment track record ([19.5% annually compounded growth over 25 years](#)) speaks for itself.

Bottom line

Watsa is one of the best investors in the country. His conviction in India's economy has encouraged me to take a closer look. I believe Fairfax India has accumulated an enviable portfolio of robust companies from this region.

Slowing growth and a liquidity crisis in India have created the perfect opportunity for value-seeking investors. With Fairfax India trading below book value, I believe this is an opportune time for Canadian investors to get involved.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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