



These 2 Stocks Are Ready for Hyper-Growth for the Next 100 Years

Description

Warren Buffett says that the best holding period is “forever,” but it’s difficult to predict where most companies will be even just a few years from now. Predicting a decade out seems foolhardy given recent history.

With exogenous events like the dot-com bubble, the 2008 financial crisis, and today’s trade war between the U.S. and China, how can one [forecast accurately?](#)

Fortunately, there’s one factor that’s been predictable for centuries: population growth. While it’s not a guarantee, rapid economic growth typically follows sizable population growth. China is a textbook scenario. The opposite is also true.

Where populations are declining, it’s difficult to sustain a growing economy. Take a look at Japan to understand the difficulties of a shrinking population.

But how do you bet on rising populations? Prem Watsa, one of the greatest investors of our time, has set up two dedicated investment vehicles to do just that. **Fairfax Africa Holdings Corp.** (TSX:FAH.U) is focused on rapidly-growing African economies, while **Fairfax India Holdings Corp.** ([TSX:FIH.U](#)) invests solely in India, which is expected to become the world’s second-largest economy by 2050 thanks to its population of 1.3 billion.

If you want to fill your portfolio with stocks that can outperform the market for the next 100 years, Fairfax Africa and Fairfax India are your best bets.

The next big thing

In 1952, China’s GDP per capita was \$54. The U.S. and Canada were more than 40 times richer per person. By 2018, China’s GDP per capita grew to \$9,732. The U.S. and Canada still maintained their lead, but the difference shrunk considerably.

Today, they’re only five to six times richer than China per person. On a national basis, the results are

even more staggering. China is set to become the biggest economy in the world thanks to its population of 1.4 billion.

China has already demonstrated a mega-successful model for emerging market investing: bet on growing populations in countries transitioning to a services economy. Those who invested early in China made *billions*. Finding the next China is a lucrative endeavour. India and Africa hold great promise.

Over the next decade, the population of India will actually *surpass* China. Meanwhile, Africa has several of the world's fastest-growing populations. Nigeria, for example, is growing its population more than four times faster than China.

Nigeria's population will more than double over the next 30 years. It should be no surprise that Watsa believes these opportunities are the "single best place" to put money to work.

Trust in Watsa

The data suggests investing in both India and Africa for the long term, but knowing where to invest will be key. It's critical to have a bona fide investor guiding your dollars, as many of the best deals are private. Partnering with Watsa is your path to the lucrative deal-making underground of Africa and India.

For example, foreign direct investment into Africa is a mere \$40 billion, representing less than 4% of global foreign investment dollars. "Scarcity of capital remains a core issue for the continent," noted the most recent Fairfax Africa shareholder letter. This means the company can get incredible deals with little to no competition by operating in the private markets.

Watsa, meanwhile, was born and raised in Hyderabad, giving him a unique ability to tap the country's deal pipeline. Often, the value of the firm's investments far outstrip their book value. "We believe that the underlying intrinsic value is much higher, since all of the companies...have characteristics giving them the potential for a significant increase in their value," read one recent investor letter.

As with any long-term investment, Fairfax Africa and Fairfax India will take time to play out. But with major demographic tailwinds and a generational talent guiding the way, both stocks look like ideal buy-and-hold investments.

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Date

2025/07/04

Date Created

2019/10/09

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