



## Canada's Warren Buffett: Why NOW Is the Perfect Time to Invest in Him

### Description

Prem Watsa, the billionaire money manager we know as Canada's Warren Buffett, is one of the greatest Canadian investors of our time. But he and his firm **Fairfax Financial Holdings** ([TSX:FFH](#)) have fallen into a major [slump](#) of late.

Fairfax, which walked away unscathed from the 2007-08 Financial Crisis, has not been able to steer clear of the [coronavirus crisis](#). Watsa, who's been known to use unorthodox investment instruments, tends to make bold bets in things he believes in. While Canada's Warren Buffett may be a terrific forecaster of macroeconomic trends, not even he can be right all of the time. And of late, Fairfax's stock price suggests that he's been more wrong than right lately.

At the time of writing, Fairfax stock is down around 44% from pre-coronavirus-crash levels. The stock is down over 55% from all-time highs and is currently sitting at depths not seen in seven years. Shares are essentially where they were a decade ago, and given the unprecedented implosion in shares, it seems as though many Canadians have lost faith in Watsa.

### It's never been cheaper to bet on Prem Watsa's comeback

Watsa, like Buffett, has had his fair share of soured bets. And while Fairfax's underwriting track record may not be on par with that of **Berkshire Hathaway**, I believe there's deep value to be had with Fairfax stock, as it looks to come back from one of the worst slumps since the years that led up to the Financial Crisis.

Prem Watsa is arguably a more patient investor than Warren Buffett. Watsa has been known to hang onto his positions for ridiculously long periods of time. Heck, he's more than willing to be wrong for years, until he's proven to be right. Just have a look at the lead-up to the Financial Crisis. Fairfax was a huge underperformer, as it missed out on the bull run. But when panic struck in 2007-08, Fairfax rallied, as most other stocks crumbled like paper bags amid the worst rout since the Great Depression.

This decline, I believe, is yet another slump that will probably precede a prolonged period of outperformance, as Fairfax looks to make up for lost time. As a low-beta stock, Fairfax tends to zig

when the markets zag. But this time around, nobody could have zigged when the market collectively fell off a cliff on the coronavirus.

I view the latest coronavirus-induced decline as forgivable and think investors should bet on Prem Watsa's comeback, not just because the stock is absurdly cheap relative to historical averages, but because the man has risen from previous slumps in the past, and Fairfax has outperformed at times when most other stocks severely underperformed.

## Foolish takeaway on Fairfax and Canada's Warren Buffett

For the first quarter, Fairfax may have been too aggressive, with around \$1.5 billion in investment losses and \$84 million in COVID-19-induced losses. But it'd be a mistake to count Fairfax and Watsa out of the game after an unprecedented move that was impossible to predict. The company remains quite liquid, and right now, investors can bet on Canada's Warren Buffett for just 0.59 times book. I think the stock is unsustainably undervalued and would encourage value investors to back up the truck today, while pessimism is at a high.

### CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:FFH (Fairfax Financial Holdings Limited)

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