Canada's Warren Buffett: 2 Beaten-Up TSX Stocks to Buy Now

Description

Many investors have lost faith in Prem Watsa, the brilliant Canadian investor who's also known as Canada's Warren Buffett. He, like the real Warren Buffett, is in the middle of a huge multi-year slump. **Fairfax Financial Holdings** (TSX:FFH), the insurance and holding company that I like to think of as Prem Watsa's hedge fund, is down big time following the coronavirus rout, with shares currently sitting over 50% below its all-time highs.

Don't bet against the man we know as Canada's Warren Buffett!

Yes, Watsa (and Warren Buffett) had some soured bets, but it's important to note that both men couldn't care less about trying to time the markets over the near term. Both men are ridiculously long-term investors.

Their holding periods tend to be measure in years (or even decades), not in months, like with most trade-happy retail investors. As a big-league money manager, the downside of such a long investment horizon is that many investors and followers will lose their patience and start criticizing for near-term underperformance.

When it comes to Fairfax, the underperformance isn't just near term in nature anymore. The stock found itself at decade lows, and the magnitude of underperformance relative to the **S&P 500** in this time span is unprecedented, causing many to wonder if Watsa has lost his seemingly magical abilities.

While critics are right to call out Canada's Warren Buffett on his recent underperformance, I think that it'd be foolish (that's a lower-case *f*) to bet against the man's comeback.

Slumps happen, but so do rebounds

Everybody falls into a slump. Big ups and downs are a part of the game, and not even the best money manager in the world is immune from the occasional underperformance relative to the broader indices. It's tough to beat the market every single year, but over the long term, it is possible for those with the

patience, mindset, and conviction to stand by the holdings they believe in.

At the time of writing, Fairfax Financial Holdings looks unsustainably undervalued at just 0.64 times book and 0.4 times sales. The company took a huge hit to its investment book in the first quarter, but the firm's underwriting track record does look to be subtly improving. Canada's Warren Buffett has been losing its fair share of fans, but with the price of admission at generational lows, I think it makes a tonne of sense to double-down on the stock if you're looking to invest for the next five, 10, 20 years, and not just the next several weeks.

A severely undervalued emerging markets play led by Canada's Warren Buffett

Similarly, **Fairfax India Holdings** ([TSX:FIH.U](#)) is trading at a ridiculously undervalued multiple at just 0.5 times book.

The coronavirus crisis has rattled investors looking to put money to work in the emerging markets. Cases of COVID-19 are rising rapidly in India, and the magnitude of the damage to the "growthy" economy is still not yet understood.

While the short- to medium-term outlook looks gloomy for the emerging markets, I'd urge investors who are keen on beating the market over the long run to consider initiating a position in an emerging markets play like Fairfax India while it's heavily discounted.

Over prolonged periods of time, exposure to an emerging economy can give you a market-beating edge, as GDP numbers are capable of growing at a far quicker rate than that of a developed economy. And whenever you can nab shares of a company at a significant discount to book, you'll be able to improve your chances of obtaining market-beating returns by that much more.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:FFH (Fairfax Financial Holdings Limited)
2. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)

PARTNER-FEEDS

1. Business Insider
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joefrenette

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