



Invest With Canada's Warren Buffett Right Now

Description

Prem Watsa, the legendary investor known as the Canadian Warren Buffett, is the [genius](#) running the show at **Fairfax Financial Holdings** ([TSX:FFH](#)). Like the real Warren Buffett, Watsa has a ridiculously long investment horizon and boldness to place big bets in opportunities he believes in. Both men are little influenced by the day-to-day talking heads on TV and are willing to look wrong for extended periods of time if it means being right over the long term — the time horizon that really matters in investing!

Even great investors can have bad years!

Of late, Prem Watsa and Warren Buffett have been in a bit of a slump. Both Fairfax and **Berkshire Hathaway** have been underperforming the markets in recent years, and the critics have been quite vocal. While the relative underperformance has been exacerbated greatly by the COVID-19 crisis, I think that it's a bad idea to conclude that either man has lost his investing edge.

Watsa and Buffett have been invested for decades. With such a long time horizon comes a fair share of slumps, triumphs, and everything in between. Prem Watsa is one of few men who saw the Great Financial Crisis (GFC) coming, with enough courage to hedge his firm against the damage that was to come. Through the use of hedging instruments, Fairfax was seen as one of the few green arrows in a market-wide sea of red. Fairfax outperformed almost every stock on the Street during the worst of the GFC-induced stock market crash. But in the recovery years that followed, Fairfax was a major laggard.

Can Canada's Warren Buffett make a comeback?

Prem Watsa may have a knack for spotting macroeconomic trends, but not even he can know for certain what Mr. Market or the economy will serve up next. While Watsa's hedges have caused shares of Fairfax Financial to skate offside in recent years, with an absolutely meagre performance over the past decade, I still think the dirt-cheap stock is worth betting on, with shares now close to the cheapest they've ever been.

I'm still a Canadian Warren Buffett believer and would encourage investors to own shares if they're willing to hold for the next decade, which will likely be more prosperous than the last for Watsa and company. Even if you don't think Prem Watsa can generate meaningful alpha over the long haul, I still think there's a case to be made for buying shares of FFH stock at these levels.

You see, Fairfax stock is ridiculously cheap. Not only that, but shares possess a low beta that can help your portfolio better weather future waves of market volatility.

Foolish takeaway on Fairfax

At the time of writing, FFH stock trades at a nearly 20% [discount](#) to its book value. While the stock will continue to face COVID-19 pressures over the medium term, I think a huge weight will be lifted off the firm's shoulders over the coming 18 months, as we inch closer to the end of this pandemic.

Fairfax's underwriting track record has shown subtle signs of improvement. If you think Watsa's recent bets will pay off in due time, FFH stock could easily find itself blasting to all-time highs within the next three years.

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