



It's Time to Bet on the Canadian Warren Buffett!

Description

The market doesn't always make sense with its day-to-day or week-to-week moves, and it'll unfairly correct many Canadian stocks based on less-meaningful market-wide sentiment.

As the great Benjamin Graham once put it, "in the short run, the market is a voting machine, but in the long run, it is a weighing machine."

Investors can take advantage of the pricing blunders of the market by scooping up shares of companies priced at below one's estimate of intrinsic value and holding them until the full extent of the value is fully reflected in the share price. It's a practice that's far easier said than done, however.

Think long term!

It can be tough to spot value in a pricey market. But if you have a long time horizon and the confidence to take advantage of market pricing blunders, then the job of picking securities is that much easier. Time pressure can cause one to give up on a name prematurely. As too can a lack of confidence when near-term stock movements suggest you're dead wrong with your investment thesis on a name.

Heck, look to **Fairfax Financial's** ([TSX:FFH](#)) Prem Watsa. He's had limited success with his stake in [BlackBerry](#) — at least, prior to this week!

The man we know and love as the Canadian Warren Buffett is one of the most patient and confident investors on the planet. He couldn't care less about looking wrong over the near term if it means coming out on top over the long haul.

In recent years, Watsa endured an excruciating bout of underperformance as a result of less-than-stellar picks. But just like the real Warren Buffett, Watsa is more than willing to hold an investment — for however long that may be — until the market finally reflects what he sees.

Over the short term, the odds are that even the greatest investors will look wrong, at least for a brief period. But if you're an investor, not a trader, such short-term fluctuations are nothing more than noise.

It's the long term that counts, and it's patient, disciplined investors like Prem Watsa that tend to win this long-term game.

Should you bet on Canada's Warren Buffett?

Fairfax Financial has come a long way since its crash of 2020. The stock now finds itself up over 64% since March. Yet the name is still off 9% from its February 2020 high and over 26% from its all-time high hit back in 2018.

Watsa's stock picks are bouncing back, and his firm's underwriting track record is continuing to improve modestly. So, as COVID-19 pressures wear off, I suspect things will be looking up for Watsa and Fairfax.

If the recent upward action in BlackBerry is sustained, Watsa could be proven right with his deep-value investment in the name. Now, I have no idea if Watsa will take profits on BlackBerry amid its WallStreetBets-fuelled run, but regardless, I think there's a large chance that the man will finally look right with his BB bet after years of looking wrong.

And once investors appreciate Watsa for his abilities again, I suspect the price of admission into Fairfax will have gone up, perhaps way up. The stock trades at 0.6 times sales and one times book, which I find to be severely discounting Watsa's talents that are more than worth paying a premium for.

The bottom line

Prem Watsa is a deep-value investor, and his firm Fairfax is in itself a deep-value investment. The only question is, do you have the time horizon and the discipline to hold until shares have a chance to correct fully to the [upside](#)?

CATEGORY

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2. Stocks for Beginners

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