



## TFSA Investors: 1 Value Stock With Significant Emerging Markets Exposure

### Description

**Fairfax India** ([TSX:FIH.U](#)) is an investment holding company whose objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India. The company makes all investments either directly or through one of Fairfax's wholly owned subsidiaries: FIH Mauritius or FIH Private.

### Robust investment strategy

The company invests in businesses that are expected to benefit from India's [pro-business political environment](#), a growing middle class, and demographic trends that are likely to drive strong growth for several years. Sectors of the Indian economy that the company believes will benefit most from such trends include infrastructure, financial institutions, consumer services, retail, and exports.

The company is not limited to investing solely in these sectors and invest in other sectors, when opportunities arise. Fairfax India utilizes and benefits significantly from, the experience and expertise of the company's network in India, to source and evaluate investment opportunities.

### Value-based approach

Fairfax India employs a conservative, fundamental [value-based approach](#) to identifying and investing in high-quality public and private Indian businesses. This approach is designed to compound book value per share over the long term. Although the company seeks attractive risk-adjusted returns, it prioritizes downside protection at all times and attempts to minimize the loss of capital.

Further, the company makes Indian investments with a view to be a strategic partner to grow the business and, as a result, optimize investment returns for the shareholders of the company. The level and nature of this strategic relationship varies by investment and may include board appointment or nomination rights, board observer rights, input on management selection, the provision of managerial assistance, and ongoing monitoring and co-operation with the board.

Management of Fairfax India's portfolio business is to ensure that the company's strategy is being implemented in a manner that is consistent with the investment objectives of the company, and with Fairfax India's fundamental values. Fairfax India's involvement with the Indian investments also includes providing specialized guidance or expertise on a temporary basis and does not extend to any involvement in the day-to-day operations.

## Maximizing returns from investments

Activities of Fairfax India are undertaken to maximize returns from investments. Board representation is sought only to maintain protective rights and to maximize the value of the company's investment for shareholders.

The circumstances under which it could sell some or all of the company's investments include where the company believes that the Indian investments are fully valued or that the original investment thesis has played out or where the company has identified other investment opportunities which it believes present more attractive risk-adjusted return opportunities and additional capital is needed to make such alternative investments.

## Bright future outlook

Typically, Fairfax India exits the company's private investments either through initial public offerings or private sales. For publicly traded investments, exit strategies include selling the investments through private placements or in public markets.

Overall, the Indian market is a great place to be invested over the long term, and Fairfax India is well positioned to take advantage of attractive investment opportunities.

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1. Investing

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1. canada

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1. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)

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