3 More Companies That Make a Diversified Portfolio

Description

Earlier this week, we highlighted three stocks that on their own would make a diversified portfolio. By buying these stocks, one is in effect buying dozens of smaller business units, which offsets the volatility of owning just a few names. And as a bonus, by using this strategy, you get to save on trading costs.

Below we highlight three more such names.

1. Bank of Nova Scotia

Of all the Canadian banks, **Bank of Nova Scotia** (TSX: BNS)(NYSE: BNS) may be the most diverse. Only about half of all revenue is earned in Canada, and even that is spread across various businesses, including retail banking, commercial banking, wealth management, insurance, and capital markets. International net income comes from various emerging markets in Latin America, the Caribbean, and Asia.

When looking at loans outstanding, it's clear that Bank of Nova Scotia is well-diversified. Ontario accounts for 36% of loans outstanding, but no other geography accounts for more than 12%. Cross-border exposure is well diversified by country – Bank of Nova Scotia is most exposed to China, but that country represents only 14% of the total. And corporate loans are very well diversified by industry.

So an investment in Bank of Nova Scotia gets you exposure to numerous business lines and geographies, all on its own.

2. CAE

CAE Inc. (TSX: CAE)(NYSE: CAE) makes its money off of simulation products and services, with revenue split about evenly between civil aviation and defense. But CAE also has wide geographic reach, with revenue generated equally among the USA, Europe, and other countries.

More specifically, CAE has operations and training centres in 30 countries, and customers in 190. As a bonus, the company is actively pursuing simulation markets in the healthcare field, hoping one day to make that segment as big as its others.

So with CAE, you get a portfolio of companies selling simulation products and services to airlines, militaries, and hospitals in 190 countries. All for the price of one stock trade.

3. Canadian Tire

This last pick might be surprising to a lot of people; most shoppers only associate **Canadian Tire** (TSX: CTC.a) with the red triangle and green maple leaf. But there is a lot more to this company.

For starters, Tire's retail stores only account for 59% of pre-tax income. And the flagship Canadian Tire stores only accounted for 55% of the retail segment's total revenue. The rest is split between gas stations, Mark's, and FGL Sports (best known for Sportchek).

Financial Services accounted for the other 41% of income. But that is not all – Tire owns 83% of **CT REIT**, a stake worth $856 million (10% of Tire's market capitalization).

A very diversified portfolio

With these three companies, you would be owning a domestic bank, a bunch of international banks, a global civil aviation supplier, numerous defense contractors, a healthcare supplier, four retailers, a credit card issuer, and a REIT. That alone is arguably enough to weather the market's ups and downs.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CAE (CAE Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CAE (CAE Inc.)
5. TSX:CTC.A (Canadian Tire Corporation, Limited)

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Date
2025/08/25
Date Created
2014/05/08
Author
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