3 Canadian Global Champions for Your Portfolio

Description

Investing in Canadian stocks is really scary these days. Plunging oil prices, a shaky real estate market, and high consumer debt levels are raising fresh concerns about Canada's economy. Worst of all, this could be only the beginning.

So, you could be forgiven for only investing in foreign stocks. Unfortunately, this comes with some real complications. For example, if the Canadian dollar strengthens, any investment gains could get wiped out. Furthermore, if you don't play your cards right, high taxes could spoil your returns.

Fortunately, there are some global champions here in Canada. These companies aren't reliant on the Canadian economy and have a bright future ahead of them. In today's environment, they're great candidates for any portfolio.

1. Brookfield Asset Management

Few Canadian companies have a better track record than alternative asset manager **Brookfield Asset Management Inc.** (TSX:BAM.A)(NYSE:BAM). Over the past 20 years, shareholders have earned 20% return *per year*. You can't deliver results like these just from getting lucky.

Brookfield is well positioned geographically, with operating and financial teams in over 20 countries, most of which are in the United States, whose economy is doing very well. In any case, Brookfield only focuses on high quality real assets. So, the Canadian economy has a minimal effect on the company.

The future looks bright for Brookfield. Growth in assets under management (as well as fees) has been strong, and investment opportunities remain plentiful. This is a stock worth holding for a long time.

2. Magna

Low oil prices have been bad for most Canadian companies, but not **Magna International Inc.** (TSX:MG)(NYSE:MGA), Canada's largest auto parts manufacturer. The company specializes in making parts for large vehicles, so low gas prices are very good for business.

Both America's and Germany's big three manufacturers account for over 80% of Magna's sales, and Canada is a minor market for these six companies. So, Magna doesn't have to worry about high Canadian debt levels or falling real estate values.

Even better, the weak Canadian dollar is providing a nice boost to Magna's margins. If you hold a bunch of Canadian stocks and are looking to hedge your bets, Magna may be a good way to do so.

3. CAE

It’s a shame that Canada has very few true global market leaders. **CAE Inc.** (TSX:CAE)(NYSE:CAE), a provider of simulation products and services, is one of them.

Like Brookfield and Magna, the vast majority of CAE’s revenue comes from outside Canada. The USA and Europe account for two-thirds of revenue, with the remainder being well spread over a number of regions. CAE also has a dominant market share in emerging markets.

The future looks very bright for CAE. Low oil prices are a boon for the airline industry, which bodes well for aircraft orders. New aircraft will need simulators, no matter what happens in Canada’s real estate market. Investors, take note.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:CAE (CAE Inc.)
3. NYSE:MGA (Magna International Inc.)
4. TSX:BN (Brookfield)
5. TSX:CAE (CAE Inc.)
6. TSX:MG (Magna International Inc.)

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