



## 3 Growth Stocks With Solid Emerging Markets Exposure

### Description

The prolonged slump in commodities, growing unease over the global economic outlook, and high levels of household debt have left many economists concerned about how Canada's economy will perform.

For investors concerned about the economic outlook for Canada, there is an easy way to hedge against any downturn: buy stocks with extensive emerging markets exposure. Contrary to common belief, this is relatively easy to do without leaving the comfort and security of Canada.

### Now what?

By investing in emerging markets, investors are reducing the degree of investment risk by enhancing the diversification of their portfolios while gaining exposure to some of the world's fastest-growing economies.

Despite many analysts being concerned over what the future holds for Canada's banks, one of the best ways to do this is with **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). It is Canada's most international bank, giving investors considerable exposure to the rapidly growing economies of Latin America, where it has invested heavily in expanding its operations in recent years.

As a result, the bank now earns just over a third of its net income from its international operations with the majority coming from the fast-growing economies of Latin America. This income continues to grow at an impressive rate; it's up by 10% year over year for the second quarter 2016, and there are signs that this strong growth will continue.

The Latin American business has a net interest margin of over 4.6%, or almost double that of its Canadian operations, making them particularly profitable. With the region experiencing strong economic growth, along with a rapidly expanding population and increasing demand for financial services, I would expect its Latin American exposure to give its bottom line a healthy boost over the long term.

Another opportunity to gain solid emerging markets exposure without leaving Canada is **Brookfield Renewable Partners LP**

([TSX:BEP.UN](#))([NYSE:BEP](#)).

It operates a global portfolio of renewable energy assets with considerable operations in South America; in Colombia and Brazil, it has over 4,000 megawatts of installed capacity coming from a mix of hydro, biomass, and wind plants.

With both countries experiencing strong population growth, the demand for electricity will grow significantly over the long term. Along with the steep barriers to entry associated with the industry and the relatively inelastic demand for electricity, this generates considerable growth opportunities that will give its bottom line a healthy bump over time.

Finally, there is midstream services provider **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)), which already has had a lot of success operating a network of natural gas pipelines across Mexico. Now it has identified further growth opportunities; it entered a partnership with two Mexican energy companies to build an US\$800 million petroleum storage and transportation project.

The project, in which it will hold a 50% interest, consists of a marine terminal, refined products pipeline, as well as a storage and distribution hub for the transportation of gasoline, diesel, and jet fuel in central Mexico.

This development will cater to the ever-growing demand for refined petroleum products in Mexico, where even its large domestic oil industry is incapable of meeting demand, forcing it to import 55% of its gasoline needs.

It will also boost TransCanada's presence in one of Latin America's fastest-growing economies, which saw its 2015 GDP expand by 2.5% year over year—more than double Canada's 1.2%.

### So what?

Exposure to emerging markets offers investors a considerable range of benefits, including the ability to access economies and industries that are benefiting from elevated rates of growth. All three companies provide investors with these benefits without them having to leave the relatively lower risk and stable jurisdiction of Canada, thereby removing one of the key risks associated with investing in emerging markets.

### CATEGORY

1. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:TRP (Tc Energy)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:BNS (Bank Of Nova Scotia)

6. TSX:TRP (TC Energy Corporation)

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