



4 Stocks With Emerging Market Exposure That Could Soar in 2018

Description

Emerging markets have had an impressive run in 2017. From 2008 to 2016, the **iShares MSCI Emerging Markets Index ETF** declined 16%. Heavily weighted in China, emerging markets equities experienced a fairly violent correction through Chinese market turbulence from 2015 to 2016.

The index has still not recovered to its peak levels in 2007, making it an interesting growth play with asset valuations so high in developed markets.

Let's take a look at four TSX-listed stocks that have a foothold in emerging markets. With an aging bull market in North America and Europe, emerging market equities could gain momentum in the coming years.

Silvercorp Metals Inc.

Silvercorp Metals Inc. ([TSX:SVM](#))(NYSE:SVM) is a Vancouver-based silver producer focused in China. It is, in fact, the largest silver producer in China. The company also produces zinc and lead, which have experienced strong upticks in 2017.

The stock closed at \$3.28 on October 20 — up 0.92%. Shares have increased 4.8% in 2017 in spite of a relatively stagnant performance for base silver prices. The company reported net income of \$10.9 million in the fiscal first quarter of 2018, up 134% year over year. Sales climbed 13% to \$39.7 million.

Fairfax India Holdings Corp.

Shares of **Fairfax India Holdings Corp.** ([TSX:FIH.U](#)) have increased 55.6% in 2017 and 61% year over year. The company invests in private and public equity securities and debt instruments in India. I wrote extensively on Fairfax India Holdings this month after the International Monetary Fund (IMF) adjusted its forecast for India in 2017 and 2018.

Net earnings experienced a significant uptick to \$268.6 million compared to \$38.3 million in Q2 2016. Although the IMF dropped its growth projections for India, the nation is still expected to post strong GDP growth of 7.4% in 2018.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) stock has increased 8.3% in 2017 and 13% year over year. The bank has established a footprint in a number of emerging markets, including Brazil, Columbia, China, Mexico, Turkey, and others.

In its third-quarter results released on August 29, net income from international banking climbed 16% to \$614 million. The bank reported positive loan and deposit growth as well as a bump from foreign currency translation. Bank of Nova Scotia also boasts a dividend of \$0.79 per share, representing a dividend yield of 3.9%.

Brookfield Renewable Partners LP

Brookfield Renewable Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#)) is a Toronto-based limited partnership that owns and operates renewable power assets in domestic and international markets.

The stock has experienced 10.2% growth in 2017 and 7% year over year. The company possesses significant assets and ongoing development projects in Brazil and Columbia. In the second quarter, Brookfield posted strong progress in Brazil with improved electricity demand, and in Columbia, generation levels were 20% higher than the long-term average.

There is intense demand for green energy technology in emerging markets with countries working on modernization. Both Brazil and Columbia were signatories for the Paris Climate Accord.

The stock also offers a dividend of \$0.58 per share, representing a dividend yield of 5.3%.

CATEGORY

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:SVM (Silvercorp Metals Inc.)

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