Ethical Investors: Investing in BRICS Nations May Help Reduce Inequality

Description

Green energy is one of the first investment areas that comes to mind when one thinks of ethical financial portfolio building. But investing in emerging markets can provide philanthropic investing options, too, while also bringing exposure to some highly lucrative foreign markets.

While the growth rates required to eradicate poverty are, in many cases, too high to be plausible, the fact is that the possibility remains for economic growth while raising the living conditions for the poorest countries. Investors in first-world countries such as Canada have an opportunity, then, to do their bit for the global populace simply by making ethical investment decisions.

If you don't have enough foreign exposure, here's a good place to start

One way in which domestic investors may be able to make a difference, albeit in a very small way, is to buy into emerging markets. By adding more liquidity to these economies, structures being put in place to benefit the poorest communities gain much-needed funds, while the sturdiest businesses are given a change to grow and reinvest.

An obvious choice for BRICS (Brazil, Russia, India, China and South Africa) and BRICS-type exposure is the **iShares Core MSCI Emerging Markets IMI Index ETF** (TSX:XEC). With a spread of markets that encompasses the BRICS nations as well as similar emerging economies, the iShares Core MSCI Emerging Markets IMI Index ETF can help Canadian investors share their wealth, while also opening a diversified channel for capital growth.

If you are a little light on international exposure, especially to BRICS-type markets, why not consider this diversified emerging markets ETF offered by **BlackRock Canada**. With a *modus operandi* of seeking long-term capital growth by mirroring the performance of the MSCI Emerging Markets Investable Market Index, this ETF could be just the ticket if you want to invest in the future of growing foreign markets.

How does an emerging markets ETF operate in the real world?

With a trailing 12-month yield of 2.26%, the iShares Core MSCI Emerging Markets IMI Index ETF works pretty much like any other ticker on the TSX. It offers a medium- to high-risk play on emerging markets, with much of that risk spread across a vast geographical area; this makes it just right for any investor too heavily exposed to North American markets.

The current exposure of the top 10 weighted markets on the ETF shakes out something like this:

- China: 28.80%
- South Korea: 15.45%
- Taiwan: 13.03%
- India: 9.22%
- South Africa: 6.10%
- Brazil: 5.86%
- Russian Federation: 3.29%
- Mexico: 3.17%
- Thailand: 2.67%
- Malaysia: 2.54%

As you can see, the spread of markets takes in several continents, including much of Asia as well as Africa, both North and South America, and, of course, Russia. Many of these markets offer investors considerable growth, and the chance for some serious capital gains, all funneled through a single convenient dividend.

The bottom line

If you're building an ethical portfolio and need foreign exposure, the iShares Core MSCI Emerging Markets IMI Index ETF is a strong play. Consider adding alongside climate change-combating stocks such as **Northland Power** and **Polaris Infrastructure**, or similar green energy stocks, as well as any of the more forward-thinking food security stocks, such as **Nutrien**.

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