Aggressive Investors: 2 Bold Ways to Fight International Trade Risks

Description

Trade wars seem to have become a permanent part of the global investment landscape, with the backlash against globalization continuing to be felt across the world and between nations that had, up until now, been sound partners.

With disagreements rumbling on between China and North America, and with a messy Brexit spelling trouble in the eurozone, let's take a look at some of the foreign investment options still on the table.

Get into the yellow stuff

Investors looking for exposure to international trade may want to focus on gold stocks such as **Goldcorp** (TSX:G)(NYSE:GG). Up 5.38% in the last five days, Goldcorp is trading at book with a 30% discount off its future cash flow value.

Though its level of debt to net worth has risen in the course of the last five years from 12.7% to 31.4%, this is still within the safety zone and denotes an adequate balance sheet.

One thing to be aware of in this space is that Goldcorp insiders have sold more shares than they have bought in the last three months, and in considerable volumes. However, its dividend yield of 0.7% is a small but unlooked-for treat in what is essentially a capital gains stock, while a 121.9% expected annual growth in earnings is significantly positive.

Indeed, for a defensive investment, this one could bring traders some considerable capital gains in one of Canada's soundest industries.

Spread the risk with diversified assets

Moving on from metals and mining stocks, for a mix of different sized companies, investors may want to look at asset managers and ETFs. These water down the risk inherent in stacking shares in single entities and instead amalgamate smaller investments in a varied spread of assets across industry and geopolitical boundaries.

An ETF such as **iShares Core MSCI Emerging Markets IMI Index ETF** (TSX:XEC) can be seen as an aggressive play for high growth while exposing a portfolio to a broad sweep of foreign markets. This one is up 0.64% in the last five days at the time of writing, so it would seem that investors are at least somewhat bullish on emerging markets at the moment. ETFs are often seen as a safe way to spread risk, and if there's one thing that seems to abound in the markets at present, it's risk.

Alternatively, look at something like **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) for exposure to an eclectic spread of markets and sectors. This one offers exposure to long-term, quality assets across more than 30 countries globally.

One-year returns of 24% bode well, and the share price has been on a tear since the end of December 2018. Brookfield Asset Management's market ratios (a P/E of 13.4 times earnings and P/B of 1.7 times book) signify good value for money, while its past-year earnings growth rate of 152.7% indicate a solid track record.

The bottom line

While it offers a dividend yield of 1.37%, it should be noted that Brookfield Asset Management insiders sold a high volume of shares in the past three months; a further red flag would be its high level of debt at 123.9% of net worth.

While there is an inherent risk in foreign investment during a period of contagious protectionism, this particular stock should offer enough diversification to insulate an investor from the worst of it.

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Date
2025/07/08
Date Created
2019/04/02
Author
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