



## 4 Stocks to Make Your TFSA More Global

### Description

Nearly every investor understands the importance of diversification. Spreading investments across a diverse range of companies, industries, and asset classes is well understood. However, most investors fail to recognize their home country bias, leaving them over-exposed to the risks inherent in their local economy.

Surging debt levels, rising interest rates, and volatile oil prices can all have a tangible impact on the average Canadian portfolio. In fact, many experts now believe that the country's economy is due for a recession. While nothing is for certain, investors can mitigate these risks by allocating a portion of their investments offshore.

Here are the four best ways to bring international diversification to your Tax-Free Savings Account (TFSA):

### Fairfax Africa Holdings (TSX:FAH.U)

With 54 countries, 2,000 languages, and multiple political systems, the African continent is as diverse as it gets. Political crises and rampant corruption make certain countries in this region too risky for investors.

However, contrarian investors have noticed that some African countries have managed to implement stable rule of law and a business-friendly environment. These countries have been able to attract immense foreign investments in recent years, [critically from China](#).

One such contrarian investor is Prem Watsa, whose Fairfax Africa Holdings corporation manages direct investments in the region. FAH's portfolio is spread across the best performing African economies, including South Africa, Rwanda, and Kenya.

While the stock has underperformed since its launch in 2017, the underlying assets are all well placed long-term bets on Africa's growth. The stock currently trades at 91% of book value, which indicates overselling.

## Fairfax India Holdings ([TSX:FIH.U](#))

Watsa's other big bet is a holding company dedicated to investments in India. Unlike its African counterpart, the Indian portfolio is concentrated on equity holdings in a broad mix of private and public companies.

FIH controls a substantial stake in India's largest stock exchange, one of the country's largest airports, an emerging wealth manager, and an industrial chemicals specialist.

Trading at 96% of book value at writing, it seems the market is underestimating both of Watsa's international ventures. It could therefore be a great time for value investors to take a closer look.

## iShares S&P 500 Index Fund CAD Hedged ([TSX:XSP](#))

Over the past few years, legendary investor Warren Buffett has frequently said that the best investment for an average investor is an exchange-traded fund (ETF) that tracks the **Standard & Poor's 500 Index**. In fact, Buffett himself has struggled to outperform this index in recent years.

The best way for Canadian investors to gain exposure to America's thriving and robust economy is through the **iShares S&P 500 Index Fund** ([TSX:XSP](#)), which is hedged to the Canadian dollar. Management expense ratio is 0.11%, while the stock is up 15% year to date.

This instrument offers a convenient and cost-effective way to gain exposure to the United States economy while mitigating the risks of currency volatility.

## iShares China Index ETF ([TSX:XCH](#))

You can't have a truly global portfolio without some exposure to the greatest emerging economy in the world: China. China's growth may well have slowed in recent years, but it's still expanding much faster than most developed countries.

The government's growing influence abroad and the focus on technology and innovation could continue to power China's economic rise for decades.

The **iShares China Index ETF** aims to track the performance of the **FTSE China 50 Index**, net of fees which are currently set at 0.86%. The fund offers a 2.2% dividend yield and has already returned 10.2% year to date.

## Bottom line

Adding these four instruments to your TFSA could help you mitigate the risks of the local Canadian economy and gain exposure to some of the most robust and attractive economies in the world.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)
2. TSX:HFPC.U (Fairfax Africa Holdings Corporation)
3. TSX:XCH (iShares China Index ETF)
4. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Investing

## Date

2025/08/24

## Date Created

2019/05/08

## Author

vraisinghani

default watermark

default watermark