



How to Add Safe Global Exposure to Your RRSP

Description

Canadian investors are often advised to look beyond the home country when investing funds in their [self-directed RRSP](#) portfolios. Diversification is wise and the objective can be achieved in a variety of ways.

Foreign stocks

Investors might consider purchasing the shares of foreign companies on international exchanges, but most people should probably avoid this option. Costs can be punitive and foreign currency fluctuations can make things more complicated. In addition, geopolitical uncertainty must be considered when evaluating country-specific investments.

As such, this strategy should probably be left to the experts.

ETFs and mutual funds

ETFs and mutual funds that focus on a basket of international stocks are one way to get exposure to certain countries or regional markets without buying the individual shares. Fees are associated with the level of convenience, so investors have to consider the costs when going this route. It is also important to closely examine the holdings, as a few bad apples can trigger ugly performances.

Canadian stocks with international operations

Another way to gain international exposure while minimizing costs and risks would be to buy Canadian companies with significant business operations overseas. You make the purchase in Canadian dollars in your regular trading account and have the benefit of a safe and stable geopolitical situation at home with transparent reporting.

Let's take a look at two stocks that might be interesting picks to diversify your RRSP holdings.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank with a market capitalization of \$87 billion. The Canadian banks are considered among the safest on the planet and that should continue to be the case.

Bank of Nova Scotia is an interesting choice, as it has invested billions of dollars to build a large international division primarily focused on Mexico, Peru, Chile, and Colombia. The four Latin American countries are home to more than 225 million people and form the core of the Pacific Alliance trade bloc. Goods, capital, and labour can move freely among the countries; they have even linked their stock exchanges.

Bank of Nova Scotia is positioned well to benefit from rising middle class wealth and the region is already generating strong results for the bank. The international division accounts for more than 30% of Bank of Nova Scotia's profits.

The company pays a solid [dividend](#) with a 4.9% yield.

Sun Life Financial

Sun Life Financial ([TSX:SLF](#))([NYSE:SLF](#)) has insurance, wealth management, and asset management operation in Canada, the United States, the U.K., and Asia.

The Asia group likely offer the most promise for future growth, as Sun Life has established subsidiaries or partnerships in the region's most populated countries. India, China, and Indonesia are among the markets served by Sun Life, and the long-term potential in these markets is significant.

The Asian operations generated 16% of Q1 2019 underlying net income, and investors should see the region continue to increase its part of the overall profit pie in the coming years.

The bottom line

Investors have a variety of options when it comes to diversifying their geographic exposure in their RRSP. The easiest way might be to buy top-quality Canadian stocks with large international businesses, such as Bank of Nova Scotia and Sun Life.

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:SLF (Sun Life Financial Inc.)

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