3 Ways Canadian Investors Can Gain Exposure to Emerging Markets

Description

Last week the International Monetary Fund revised its projects for global growth, saying it expects growth of 3.3% in 2020 and 3.4% in 2021. Although the fund technically revised the numbers downward, they still represent attractive growth.

As North American investors are aware, growth here is expected to be well below the global average. There has even been talk of a possible recession around the corner.

This has led a lot of investors to load up on defensive stocks, a prudent move, but you may also want exposure to emerging markets so you can capture some of the upside potential in other economies around the world.

Below are three different ways to consider gaining exposure to emerging markets around the world.

Emerging markets ETF

One of the first options investors have is to buy an emerging markets ETF. There are a number of ETFs to consider, such as the **iShares MSCI Emerging Markets ETF** that trades on the **NYSE**.

The ETF aims to track the MSCI Emerging Markets Index and is well diversified globally, invested in stocks from Asia, to Africa and even Latin America.

It's also well diversified by business sector, with its top five industries being financials, tech, consumer cyclical, communications and energy.

The fund is up roughly 50% since the start of 2016 and could be a great way to gain exposure to emerging markets.

Foreign investment company

You could also consider buying a domestic company that invests only in foreign businesses. **Fairfax India Holdings** would be one such company. Fairfax owns a number of high-quality business in India, hand-picked by one of the best Canadian investors of all time, Prem Watsa.

Its portfolio is composed of businesses such as a major airport, a variety of banks, a shipping company and chemicals group.

These are great companies because they are all in industries that are staples of the economy and will see major growth as the economy expands in that region of the world.

Furthermore, because the investments are hand-picked by Prem Watsa, you know you're getting some of the highest quality companies in India.

Fairfax India isn't the only stock that will get you exposure to foreign markets, however; you could also consider a global conglomerate.

Global conglomerates

The last option you have are to buy businesses that operate globally, such as **Brookfield Asset Management** (NYSE:BAM) (TSX:BAM.A) or any of its subsidiaries.

Brookfield is one of the top investment management companies in the world and is always scouring the globe for its next deal.

This has resulted in the company having a global portfolio of companies operating in various industries that have propelled it to massive gains over the last two decades.

There is no reason why any of this growth should slow down, as Brookfield continues to source great investments at attractive valuations, and then grow the business to become major cash cows, recycling the distributions into its new investments.

This endless cycle can easily be compounded and is exactly how Brookfield grows so quickly.

It relies on great growth around the world though, so if you are looking for exposure to that global growth, owning shares in Brookfield or any of its subsidiaries such as **Brookfield Infrastructure Partners**, may be the best choice for you.

Bottom line

Whatever way you decide to gain exposure to other economies around the world, as long as the investments are quality businesses, you will be positioning yourself well and doing yourself a big favour.

It's important to diversify some of your portfolio away from North America, as having it fully invested in North American companies leaves you highly exposed to the North American economy only, which could cause you to miss out on some major gains, when other economies around the world are growing faster.

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