



## Warren Buffett: Diversify by Investing Worldwide

### Description

Warren Buffett revealed last week that he made a US\$6 billion investment in five different Japanese companies. Known for investing primarily in U.S. equities, Warren Buffett exemplified the importance of a diverse investment portfolio through this move.

If you are a veteran investor, you might know that Japan was once a high-growth market. The market valuation of publicly-traded companies in the Land of the Rising Sun was steeply higher than stock markets elsewhere in the world. That market has since passed, and Japanese stocks look cheaper compared to global equities.

### The resurgence of interest in Japan

Since the appointment of Prime Minister Shinzo Abe, Japan's equities saw a gradual decline in foreign investment. Between his election in December 2012 and the end of June 2015, international investors bought almost US\$235.4 billion in Japanese equities. Since then, international investors have trimmed down their holdings.

Currently, the market looks cash-rich, with nonfinancial firms sitting on almost ¥300 trillion in currency and deposits. There has been a growing interest in cheaply priced Japanese companies by international investors. Corporate governance is improving since Mr. Abe's resignation.

Buffett invested in five Japanese companies over the last year. Each of these companies has operations in a variety of industries, including IT, infrastructure, energy, heavy machinery, chemicals, and consumer products. While the US\$6 billion seems like a substantial sum, it is barely 1% of **Berkshire Hathaway's** cash pile.

Despite being a fraction of the amount that Buffett can allocate to equities, the investment proves that Buffett values investing in a diversified portfolio to leverage an overall recovery in the economy. He could also be preparing for a [second market crash](#) and diversifying his holdings through the investment.

## Invest in diversity

While you might not have the substantial cash pile of Buffett's Berkshire Hathaway at your disposal, you still have opportunities to invest in a company that can provide you with geographically diversified income. **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) could be an excellent stock to this end.

The renewable industry is growing as the world realizes the importance of shifting to more eco-friendly energy sources. Renewable energy will become a booming industry soon, and Brookfield Renewable will be leading the pack. The company operates one of the already largest publicly-traded renewable energy companies in the world.

It has a geographically diverse portfolio of 5,301 renewable energy-generating facilities across North and South America, Asia, and Europe. Its facilities can produce a total of 19,300 MW. The company has extensive experience in operating solar, wind, distributed generation, and storage facilities. However, hydroelectric power is its most significant source of income.

Its portfolio allocates 64% toward this branch of the business. The stock currently holds a 10-year dividend-growth streak. It is trading for \$58.94 per share and provides its investors with a juicy 3.86% dividend yield. That makes it a highly attractive asset to consider adding to your investment portfolio.

## Foolish takeaway

Warren Buffett's latest move shows the importance of investing in a diversified portfolio of companies. While it is still confusing why he [exited his entire position in a Canadian restaurant stock](#), the Japanese investment shows he is still willing to invest in international companies.

While Brookfield is a Canadian company, it can offer you safety through its geographically diversified revenue. I think it could be an excellent addition to your portfolio to enjoy a reliable income and long-term capital growth.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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**Author**

adamothman

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