3 International ETFs for Geographic Diversification

### Description

For most investors, the limits of geographic diversification end across the border. Many U.S. companies are cross-listed, and it's easier for Canadian investors to invest in pure U.S. stocks as well.

Some other companies, like gold miners with offshore operations and REITs with foreign properties in their portfolios, allow you to expand the geographic reach of your portfolio, but a more comprehensive way would be to consider investing in some international ETFs that offer broad foreign market exposures.



## An international ETF

The **Fidelity International Momentum Index ETF** (TSX:FCIM) is a great way to gain exposure to a bunch of specific foreign markets at once. About half of the fund is made up of securities from three countries: Japan, France, and the U.K., and the rest is made up of other European countries and Australia. Its top 10 holdings include well-known names like **Nestle** and **Airbus**.

The fund has only been available since June 2020, and so far, it has grown to about 21%, so even it's growing 10% a year, the fund can double your capital in a decade, but the chances of it growing slightly faster are quite decent. The MER of 0.51% might seem a little high, but the exposure it offers, especially to stable economies/markets like Japan, might be well worth it.

## An Indian market ETF

If you are looking for exposure to a specific market, Blackrock's **iShares India Index ETF** (TSX:XID) is definitely worth considering. It offers you exposure to one of the big 10 emerging markets in the world. The bulk of the fund is made up of another iShares ETF that follows the 50-largest Indian equities, making the fund lean heavily towards financials.

If you had invested in the fund at the time of its inception (in 2010), you would have more than doubled your capital by now. The fund returned about 177% in the last 10 years alone, making it a promising growth ETF. However, this growth comes at a high cost: a 1.01% MER and a high-risk rating. Still, the foreign exposure and the growth potential might be worth the cost.

## An environmentally oriented ETF

**Desjardins RI Emerging Markets Multifactor – Low CO2 ETF** (TSX:DRFE) is a relatively new ETF that only started trading on the TSX in 2019. As the name suggests, the fund looks at emerging market equities and sifts them through an ESG, primarily environmental "sieve." Currently, it's made up of 308 holdings from various countries.

By weight, Chinese, Taiwanese, and Korean holdings make up half of the fund, and it includes companies from at least 23 other countries — possibly more. The two largest sector exposures are tech and financials.

So far, the performance of the fund has been quite stagnant but relatively true to the underlying index. Your $10,000 invested at the inception would have grown to just $11,000 by now. But as the world becomes more environmentally conscious, the fund may see a more considerable growth pattern.

## Foolish takeaway



The three international ETFs all offer exposure to different international markets. In the case of the Fidelity and Desjardins Fund, the exposure is spread out over multiple countries, and the Blackrock fund offers exposure to a specific market. Collectively, the three can add a decent amount of geographic diversification to your portfolio.

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