



Investing in International Stocks

Description

Ever thought about investing in foreign companies? Even just a few stocks from our neighbors south of the border — from Amazon to Disney — could diversify your portfolio, helping you limit losses and maximize gains.

How can you start trading international stocks, and what are some foreign stocks to consider? Below we'll walk you through it.

What are international stocks?

International stocks, or foreign stocks, are simply [types of stocks](#) that trade on exchanges outside of the provinces and territories of Canada.

Though you could build a robust portfolio with domestic stocks alone, opening yourself to international companies can help you seize immense opportunities from around the globe.

How to start trading international stocks in Canada

There are two main ways to start trading international stocks:

1. Buy international stocks through an online broker

Perhaps the most straightforward way to buy international stocks is to open a global account with [an online broker](#). With a global account, you enable your broker to conduct foreign trades on your behalf. While you may not have access to every country's stock, you should have access to a vast majority.

Just be careful: brokers will often charge higher trading fees for foreign transactions, not to mention you could pay additional taxes for gains in other countries. If you intend to trade international stocks, be sure you understand how fees and taxes work before you start.

Good for: All-around great platform and features for beginners and experts alike

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Commission

\$8.75

Account
Maintenance Fee

\$25/quarter

Waived if: it is less than one quarter since account opening, you have \$25,000 or more in assets, completed 2 commissioned trades in the last quarter, completed 8 commissioned trades in the last 12 months, set up a \$100/mo recurring deposit, qualify for the Young Investor offer.

- Pros & Cons
- Fees & Charges
- Sign-up Offer

Pros

- User-friendly platform
- 105 commission-free ETFs

- Strong suite of research and tools

Cons

- Platform is not fully commission free
- Charting tools are not as robust as those on some competing platforms
- **Trading Commission:** \$8.75
- **Account Maintenance Fee:** \$25/quarter
Waived if: it is less than one quarter since account opening, you have \$25,000 or more in assets, completed 2 commissioned trades in the last quarter, completed 8 commissioned trades in the last 12 months, set up a \$100/mo recurring deposit, qualify for the Young Investor offer.
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2. Buy an international-focused ETF

Another option is to buy shares in an international-focused [exchange-traded fund \(ETF\)](#). You can find ETFs that focus solely on the economy of a single country (Germany, for instance), or you could find an ETF that focuses on the best companies over an entire continent.

For investors who want a simple solution to buying international stocks, an ETF could be right for you.

What are some top international stocks to consider?

When it comes to international stocks, the world is your oyster — literally. From popular tech companies in the U.S. to burgeoning ecommerce companies in China, Africa, and Latin America, you have plenty of options to choose from.

Here are just ten international stocks you may want to consider.

1. Yandex

Yandex ([NASDAQ:YNDX](#)) is a massive Russian conglomerate that operates the world's fifth largest search engine. It's the largest tech company in Russia, and not just for its search engine: Yandex offers numerous products and services, including ecommerce, taxi services, mobile applications,

navigation, grocery services, and fintech banking. With plenty of room for growth, Yandex could be a hot pick for your portfolio.

2. Alphabet

No list of foreign stocks could be complete without mention of U.S. company, Alphabet, more commonly known as Google ([NASDAQ:GOOGL](#)). As the most popular search engine in the world, Google processes around 63,000 searches *per second* (that's 5.6 billion per day and around 2 trillion annually). For Canadians looking for solid blue-chip stock, Alphabet could be a great choice for you.

3. Alibaba

Often called the "Amazon.com of China," Alibaba ([NYSE:BABA](#)) is China's largest ecommerce company and the ninth largest company in the world by market capitalization. It operates a number of different platforms, including Taobao (shopping), Tmall (business-to-consumer retail), and Alibaba.com.

4. StoneCo

StoneCo ([NASDAQ:STNE](#)) is a payment-processing company (similar to Visa and Mastercard) that operates in Brazil (it has plans to expand elsewhere). As the pandemic has led many merchants to choose digital payments over physical cash ("stop the spread"), StoneCo has added thousands upon thousands of new customers, turning it into one of Brazil's top trailblazing companies.

5. Walt Disney

Who doesn't like Disney ([NYSE:DIS](#)), right? Whether you're a kid watching Mickey Mouse for the first time or an adult tuning into ESPN, most of our lives touch a Disney brand at some point. Marvel Studios, Star Wars, Disney+, ESPN, ABC, Pixar, along with its legendary theme parks, toys and other media, have made Disney one of the top U.S. stock picks for any Canadian.

6. Amazon

If you haven't added this massive cash flow machine to your portfolio, now might be the time to do it. Since its IPO in 1997, Amazon stock ([NASDAQ:AMZN](#)) has absolutely exploded, going from \$17 a share to around \$3,450 a pop. It's never too late to jump on the Amazon boat, as the online retailer continues to dominate in the ecommerce space.

7. MercadoLibre

MercadoLibre ([NASDAQ:MELI](#)) is the largest fintech platform and leading ecommerce marketplace in Latin America. Based out of Buenos Aires, Argentina, it currently serves 18 different countries, including Brazil, Mexico, Colombia, Venezuela, and Peru.

Like our native Shopify, MercadoLibre exploded during the pandemic, riding on the wave of small business demand for ecommerce platforms. Though MercadoLibre's immense growth over the

pandemic will fizzle out slightly, this is certainly not a stock to overlook. Right now, MercadoLibre serves 70 million users in Latin America. Considering that Latin America has over 635 million people, this ecommerce platform has the potential to grow even more.

8. Jumia Technologies

Jumia Technologies ([NYSE:JMIA](#)) is an online marketplace and digital payment processor that's currently on its way to becoming the most dominant Internet-based enterprise across the entire continent of Africa. Considering that Africa's population is expected to double in the next 30 years, Jumia could easily become as big as Amazon, MercadoLibre, and Alibaba.

What percentage of my portfolio should be in international stocks?

Many experts recommend that you dedicate a higher portion of your portfolio to [domestic stocks](#) rather than international ones. In general, you should probably have no more than 20% to 25% of your portfolio invested in international stocks. If you decide to go higher than this, be sure you assess the risks involved.

While portfolio balance is ultimately your decision, you don't want to overextend yourself, especially if you're investing in foreign markets that you don't have a fundamental grasp on.

Are foreign stocks a good investment?

Foreign stocks can help you achieve greater [diversification](#), especially since the Canadian market (mostly energy, financials, and materials) is only about 3% to 4% of the total world market. By looking past the "home country bias," that is, the tendency to only invest in the country in which you reside, you can broaden your investment portfolio, helping you capitalize on immense gains from emerging economies and long-term high performers.

But they're not for everyone. If you're just [getting started with investing](#), or you're still unfamiliar with Canadian stocks, you may not be ready to venture out into the world. If that sounds like you, focus on adding great Canadian stocks to your portfolio, as well as understanding how stock investing works, before first you start thinking globally.

Foreign stocks can be tricky, not the least of which because foreign economies often work differently than our own. If you're not careful, you can easily find yourself investing in companies that you truly don't understand.

Perhaps a good place to start investing in foreign stocks is with an ETF. ETFs can track foreign economies, or they can track the performance of numerous international companies. You don't have to handpick the companies yourself, as your ETF manager does the work for you, and you can typically buy shares through your brokerage.

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TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NASDAQ:GOOGL (Alphabet Inc.)
3. NASDAQ:MELI (Mercadolibre Inc.)
4. NASDAQ:STNE (StoneCo Ltd.)
5. NASDAQ:YNDX (Yandex N.V.)
6. NYSE:BABA (Alibaba Group Holding Limited)
7. NYSE:DIS (The Walt Disney Company)
8. NYSE:JMIA (Jumia Technologies)

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