



Got \$2,000? Shove All Your Chips Into the Pot With These 2 Stocks

Description

The Foolish position I take is one of high levels of diversification in portfolio design. This will always be true. This article discusses two Exchange-Traded Funds (ETFs). These ETFs will provide the base any investor needs to build a high quality, diversified portfolio with a defensive touch — and only two inputs!

Global ETF

Canadian investors often fall into the trap of having far too much exposure to the domestic market. Home bias has been found to be commonplace among investors everywhere, which makes perfect sense.

You want to invest in companies we know and use. The **iShares Core MSCI All Country World Ex Canada Index ETF** is an excellent choice for Canadian investors right now.

The Canadian economy is highly correlated to the energy, financials, and housing sectors. These sectors may be under pressure for some time. Diversifying away from Canada is a great way to play a potential performance gap of growth areas like technology versus energy, housing, and financials.

This ETF holds thousands of companies. This level of diversification is generally impossible for the average investor to otherwise obtain. As far as a one-stop stock goes, the XAW ETF is one of my top picks for the past of long-term investor seeking a one-size-fits-all investing strategy.

Of course, supplementing this ETF with high0quality Canadian companies is encouraged. Many industries with too much leverage to Canada can there use this ETF as an add-on.

A Gold ETF

Now for the defensive touch. Global economic uncertainty is on the rise. Therefore, adding portfolio hedges or defensive equities to one's portfolio is a good standard. This allows an investor access to a highly diversified stable of stocks.

Precious metals such as gold is one of my favourite hedges to include in a portfolio. I have one ETF which provides [excellent upside for goldbugs](#) and plain vanilla investors, alike.

The **VanEck Vectors Gold Miners ETF** tracks the broad array of gold mining companies on the **New York Stock Exchange**. Many of these companies are either dual listed in Toronto or have Canadian operations or exposure.

Additional leverage to the price of gold is a big plus for investors bullish on gold over the long term. This leverage comes from the outside earnings growth miners get when the price of gold rises high.

However, a relatively stable fixed costs mean that every dollar increase in the price of gold is almost all profit above a certain breaking point.

Personally, I am bullish on the price of gold long term. My perspective is largely based on money printing and debt creation of central banks globally. Stimulus measures will likely broadly debase currencies, resulting in a rise in the price of gold, which is based in U.S. dollars.

For long-term investors, a stake of 5% or slightly more depending on one's outlook could prove to be greatly beneficial long-term is smoothing out returns overtime.

Stay Foolish, my friends.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. canada
2. coronavirus
3. ETF
4. Gold
5. NYSE:GDX

TICKERS GLOBAL

1. TSX:XAW (iShares Core MSCI All Country World ex Canada Index ETF)

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