

# FINANCIAL INSIGHT

COMMITTED TO YOUR FINANCIAL INDEPENDENCE

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## The Other Way To Invest Internationally

The Canadian market makes up a very small percentage of the world's equity markets. When you consider all the regions of the world, keeping your investments in Canada seems limiting.

Then again, how is a person to know what to buy, and how high are the risks? After considering these questions and reflecting on the potential of international investments, it is easy to make a case for international mutual funds. If you invest in moderation and stick with the larger more experienced fund companies, the risk should be reasonable, and the growth potential is enormous. Sprinkle in some emerging market funds (a small percentage of your portfolio that you can afford to lose) and the potential becomes even greater.

The above is the normal way to invest internationally, and if you keep a proper balance, it is a sound approach. Then again, it is not the only way. There is another way to get international exposure, realizing growth from all over the world, and the risk may be lower. This method is to hold shares in large Canadian and U.S. multinational companies or buy mutual funds that concentrate on North American multinationals.

These large multinational companies are generally very stable. They are well established and should be able to weather the worst economic downturns. They are based in the most politically sound countries, yet they hold assets all over the world. This gives them a solid base, plus geographical diversification. The management of these companies is usually experienced in dealing with foreign countries, and many are positioned to capitalize on the emerging markets.

Due to their size, some of these companies have shown little growth in recent years. However, that may change. These companies are about to realize some new markets, and these markets include the majority of the world's population.

The main ways to invest in these companies are to hold a portfolio of shares yourself, buy mutual funds that concentrate on these companies, or both. Many investors will choose to select a combination of holding shares, some mutual funds that concentrate on multinationals, some international mutual funds

and some emerging market funds. You need to find the combination best suited for you, while keeping your overall balance in mind.



## The Emerging Markets



As these markets develop, North American Multinationals may be the biggest winners.