

## Investing for growth? **Don't forget your passport**

If you're not already there yet, think of your retirement. What comes to mind? The big financial services marketing machines have you lounging on a beach in the Caribbean, exploring Rome on a scooter, enjoying an espresso at a Parisian café ... you get the picture. While it's a bit of a cliché, travel is one of the most popular activities in retirement. Sounds great, but it's not cheap. If you want your passport to get a workout once you retire, it's important to let your portfolio travel beforehand, so to speak.

Global equities are an important component to any growth-oriented portfolio. As Canadians, we've benefited from some of the strongest equity returns of any nation in recent years, but ignoring opportunities elsewhere can be costly. Global diversification provides your portfolio with exposure to companies and markets that aren't available in Canada. Further, many foreign companies have strong competitive advantages and are far better positioned to profit in certain industries. And let's not forget the raw facts: Canada only makes up 3-4% of the global equity market, and resource-based and financial companies comprise the bulk of our market. Finally, limiting your equity exposure to one region increases the risk that an economic downturn or unforeseen event in that region could have a big impact on your portfolio.



Foreign companies are all around us and are a big part of our daily lives. Just think of household names like *Sony*, *General Electric*, *Volkswagen*, *Nokia*, *Dell*, *HSBC*, etc. It makes good sense for every growth-oriented investor to have at least some exposure to leading businesses outside of Canada. And the removal of foreign content restrictions on registered accounts (RRSPs, RRIFs) has made it even easier for Canadian investors to 'go global'.

An issue of concern to some investors is foreign currency exposure. If the Canadian dollar rises against a foreign currency, the value of the foreign stock is adversely impacted – an issue all global equity investors have become familiar with in recent years. But in periods of a falling loonie, investors benefit from holding stocks denominated in U.S. dollars, euros, yen, etc. Exposure to foreign currencies in fact adds an additional layer of diversification to a portfolio. While currencies can bounce around in the short-term, their movements tend to wash out over the long run. Therefore, for long-term investors, it's best to ignore short-term fluctuations. Investors who have a shorter time horizon may choose to hedge their foreign currency exposure.

The Steadyhand Global Equity Fund is our 'go anywhere' fund. The manager, Edinburgh Partners Limited (EPL), invests the fund's assets wherever they see the best opportunities. Importantly, they have few constraints in their mandate and aren't hindered by borders. Whether it's Europe, Asia, or the U.S., EPL will concentrate the fund's assets wherever they see the best value, recognizing of course the virtues of geographic diversification. Their passports are well stamped so that when it comes time to retire, yours can get put to use too.

*Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.*

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