



The World Can Be Your Oyster

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We are already more than three quarters of the way through a year most stock market investors would rather forget. How many times have we read headlines in the newspapers or watched television reports and been left with “Tumbling world markets”, “stock prices slashed”, “millions wiped off” in our minds?

However, it is worth noting that times of extreme stock market volatility do provide potential investment opportunities. There are many companies whose share prices are at relatively suppressed levels at present, offering attractive yields and excellent growth prospects. So maybe you can have your cake and eat it?

What about the opportunities to invest overseas? If we travel a few hundred miles from London to Paris, Frankfurt or Zurich or even further afield to New York or Hong Kong, there are global investment opportunities that are

available to all, whether that be buying shares in companies directly or by gaining regional exposure through an exchange traded fund.

Investing in foreign companies can be an effective way to diversify your portfolio and can be lucrative but the rewards do come with additional risks. The first to consider is exchange rate risk. If you don't have funds available in the domestic currency, your stock broker will be able to buy or sell shares on overseas exchanges for settlement in your desired “base” currency.

Exchange rate movements between your base currency and the currency of your chosen investment country will impact on the valuation of your holding. Political or economic instability and differences in reporting and taxation of dividends also need to be considered.

With increasing globalization there has been a tremendous up trend in overseas investing as clients look beyond London and become more aware of and more familiar with overseas stocks and the opportunities that they offer. Not only can you own a Hermes Scarf but you could become direct shareholder in the company itself!

