

INSPIRED BY A RECENT CONVERSATION.....

I must admit, I was struggling a bit with what to write about this week. Then I recalled a recent conversation I had with an experienced portfolio manager. I started talking about the implications of Brexit, and he cut me short saying he didn't have an interest in Brexit and that such issues were just "noise" in the markets. He restricted his investing to North America. I wish I could say I was surprised by his attitude, but it is one that I encounter far too regularly.....and is the topic of this week's email.

A major limitation that far too many investors place upon themselves is thinking purely in local terms. Despite the easy access to news through the internet and the ease of global investment through instruments such as ETFs, most investors restrict their activities to their domestic market. This restriction both lowers potential returns and raises risk.

My years as an investor has taught me that all markets are interconnected and, therefore, should be considered. The study of international markets, and different asset classes, not only provides new investment ideas but helps put our own domestic markets in context. As Kipling said, "What can he know of England, who only England knows?" Just as physical travel is broadening, so is travel in the realm of ideas.

It is naïve to believe that the turbulent global political trends, trade wars and mountain of debt the global economy is wrestling with will not have an effect beyond our own national borders. The coming years will have no shortage of drama and volatility, which is why the Global Investment Letter, in each of its monthly issues, considers geopolitical developments in addition to market analysis.

Getting back to Brexit.... Brexit will certainly have an impact for residents of the U.K., but it will also have an impact, more generally, on the European Union. There will be short-term and long-term effects, with the law of unintended consequences working overtime!

A potential opportunity in U.K. markets may well lie ahead with the Brexit deadline getting close. The most likely scenario is either a "hard" Brexit with no deal or an extension of the negotiation. Either event is capable of producing an emotionally driven market reaction in equities that could produce a low-risk trading opportunity. This is but one example of the type of opportunities available to those who think in international terms.

The February 2019 issue of the Global Investment Letter marks the second anniversary of its launch in February of 2017. As you may recall, the Global Investment Letter was started in response to the demand created by the articles that I wrote and posted on LinkedIn for a number of years. **From the very start, we have built global thinking into our calls and recommendations.** A few examples would be.....

- Our view that U.S. dollar denominated assets, especially equities, will be the best performing asset class for some time (in 2015, we published an article entitled [“The Best Investment Over the Next Five Years”](#), available in the free content area of our website, suggesting that U.S. dollar denominated assets would outperform over the subsequent 5 years....and reiterated that view in our very first issue of the Global Investment Letter)
- Our negative view on the euro (first published in July of 2015 in an article entitled [“Will the Euro Ultimately Collapse”](#), also available in the free content area on our website)
- Our highlighting of the potential opportunities available in the defence sector (recommended in our inaugural February 2017 issue of the Global Investment Letter, available in the sample issue area of our website: [“Potential Opportunities in the Defence Sector”](#))
- Our recommendation regarding the long-term investment opportunity we saw in India's market (highlighted in the May 2017 issue of the Global Investment Letter, also available in the sample issue area of our website: [“India: A Long-Term Growth Opportunity”](#))

In conclusion, I remind you that we live in a world of great risks, but also great opportunities. To avoid the risks and take full advantage of the opportunities, we need to think in international terms. The rewards are not only monetary, but intellectual, through a greater understanding of the world around us.

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Knowledge is Power..... Just one idea or insight a year can be worth many times the subscription price.

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