



**Motley Fool**  
Asset Management, LLC

# The Hidden Dangers of ETFs

**November 10, 2012**

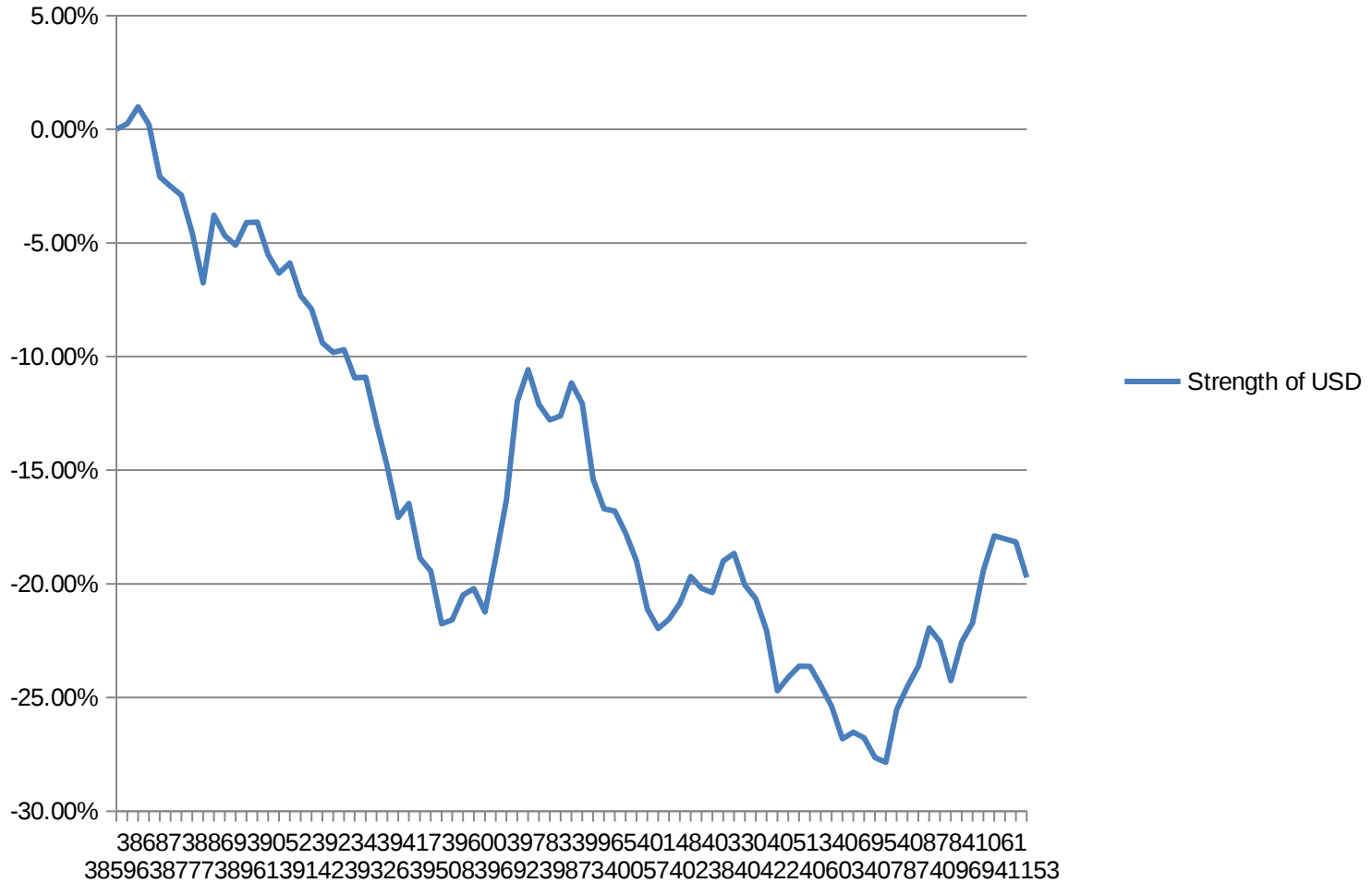
Market	2011 GDP Growth	GDP/Capita	Public Debt/GDP	2012 GDP Growth (Est.)	2013 GDP Growth (Est.)
USA	1.7%	\$48,427	69.4%	3.3%	3.8%
EU	1.6%	\$34,488	93.0%	-3.0%	3.1%
China	9.2%	\$5,430	43.5%	9.6%	10.0%
India	7.2%	\$1,350	51.6%	5.9%	11.1%
Brazil	2.7%	\$12,674	54.4%	-2.0%	3.3%
Mexico	4.0%	\$14,987	37.5%	4.3%	6.7%
Indonesia	6.5%	\$3,490	24.5%	9.8%	14.2%

Source: CIA World Factbook and IMF.

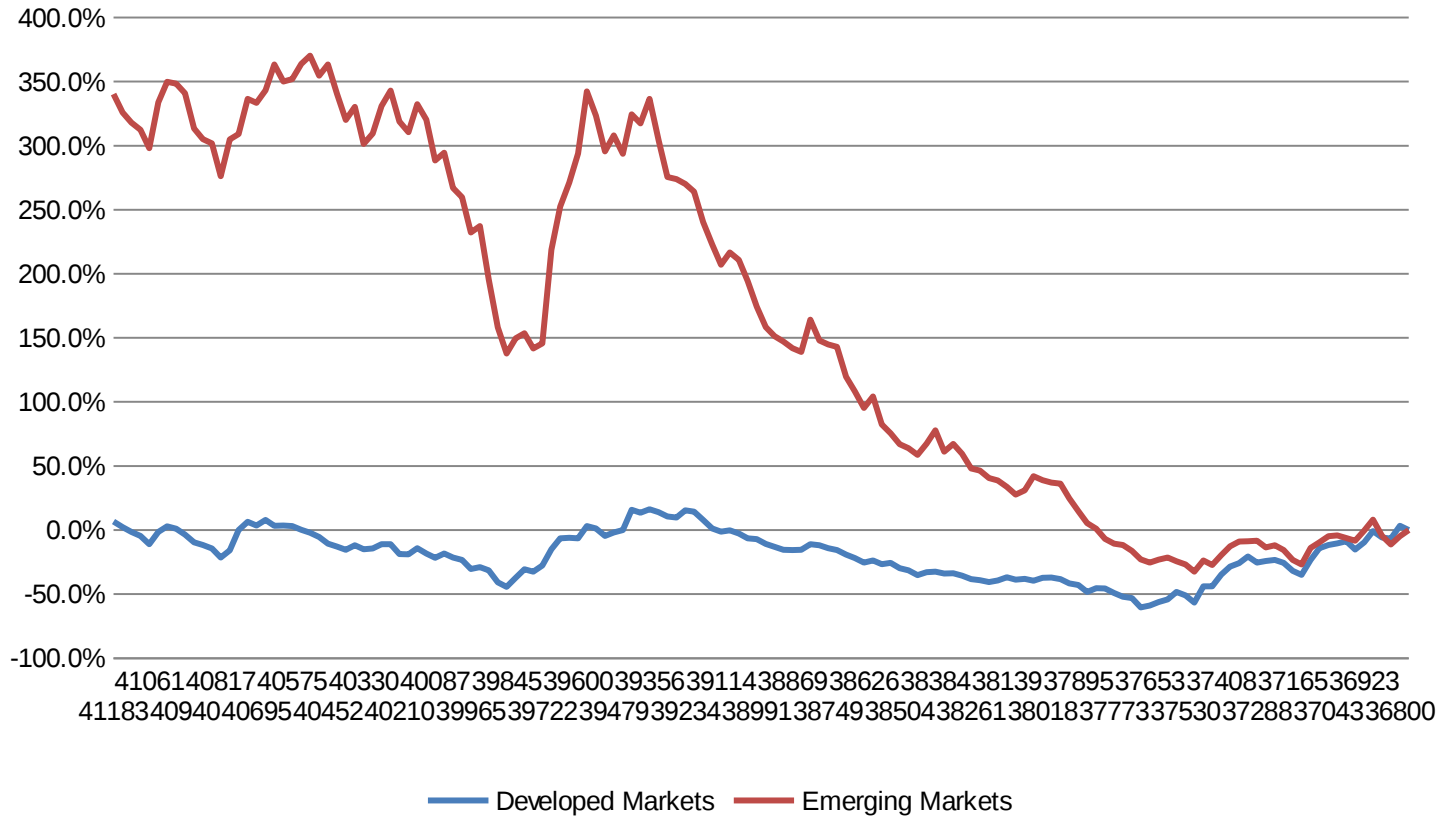
Market	October 2009 P/E	October 2010 P/E	Recent P/E
USA	18.0	17.5	16.5
China	40.7	32.1	14.7

**Source: Motley Fool research.**

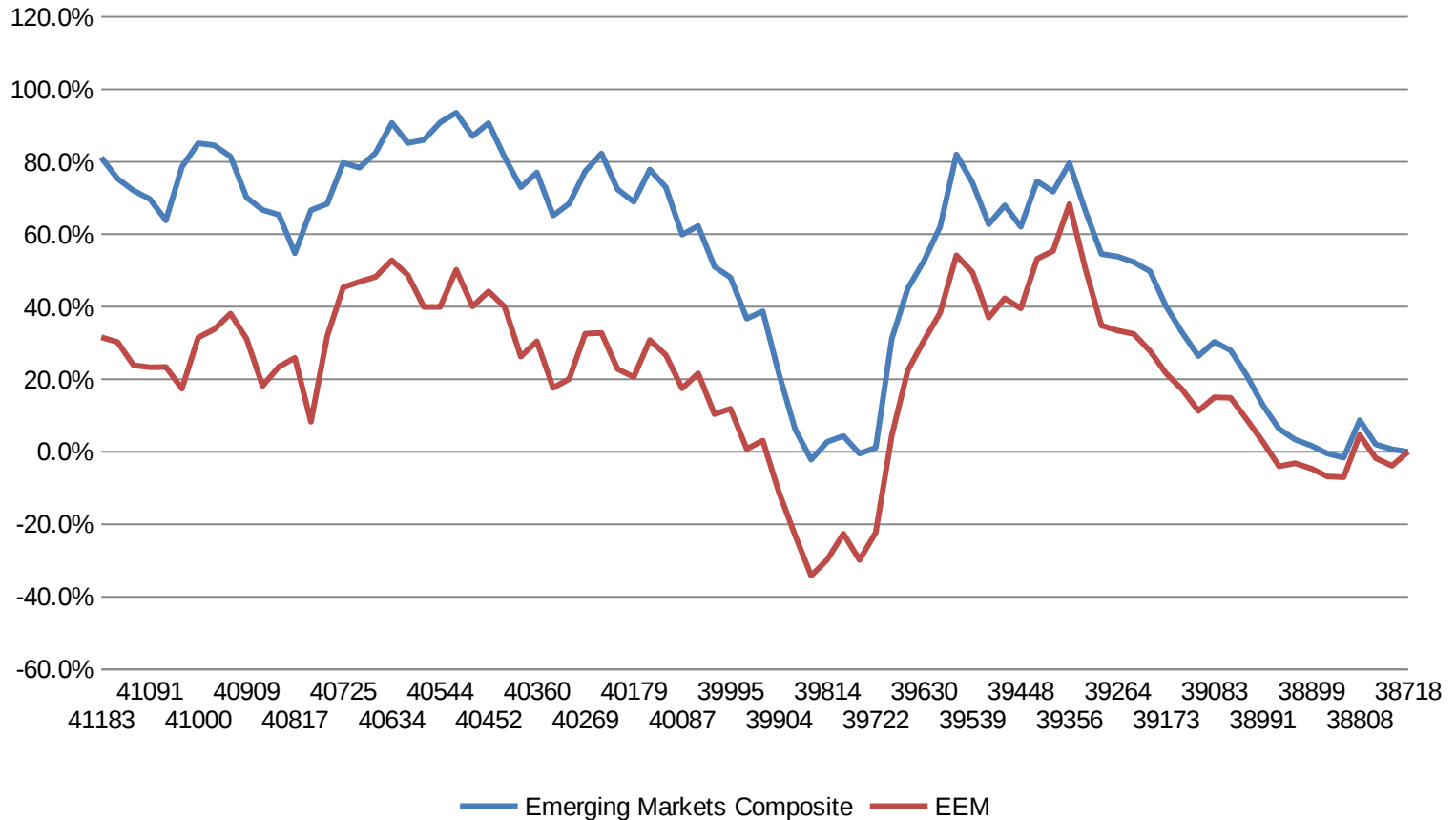
## Strength of USD



## Returns since 2000



## Category v. ETF Representation



The iShares MSCI Emerging Markets Fund has 2 flaws:

It's **BIG\*** and it's **DUMB\*\***

**\*37 billion of AUM as of 9/28/12**

**\*\*It's market-cap weighted, it thinks Korea is an emerging market, it considers businesses based on where they are HQ'd not on where they do business, etc.**

## EEM Top 5 Markets (9/28/12)

China (16.7%)

South Korea (15.5%)

Brazil (12.6%)

Taiwan (11.1%)

South Africa (7.9%)



## EEM Top 5 Industries (9/28/12)

Financials (24.3%)

InfoTech (13.9%)

Energy (13.1%)

Materials (11.8%)

Consumer Staples (8.6%)

## EEM Top 10 Stocks (9/28/12)

Samsung Electronics (Korea/InfoTech)

Taiwan Semiconductor (Taiwan/InfoTech)

China Mobile (China/Telecom)

Gazprom (Russia/Energy)

America Movil (Mexico/Telecom)

China Construction Bank (China/Financials)

Petrobras (Brazil/Energy)

ICBC (China/Financials)

CNOOC (China/Financials)

Hyundai Motor (Korea/Industrials)

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