

GLOBAL INVESTING

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History of the World Economy

- Commanding Heights by Daniel Yergin 6 hr DVD
 - Economist Magazine
 - Avoid CNBC
 - Read "Money Advice" wkly email
 - Pre WWII
 - WWII changed US
 - From 65%-35% to 25-75
 - Freedom = success
 - Fourth Wave
 - Gender Equality
 - Leisure time; health; education; trinkets for the rich; luxury goods
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Analyze your portfolio

- ❑ 65% of the investment opportunities are found outside of the U.S.
 - ❑ What percentage of your stock holdings are outside the U.S.?
 - ❑ Granted that many US companies operate in the foreign sector?
 - ❑ What percentage of your foreign holdings are in the emerging-markets?
-

FREEST ECONOMIES

- Hong Kong (EWH)
 - Singapore (EWS)
 - United Kingdom (EWU)
 - Switzerland (EWL)
 - Australia (EWA)
 - Sweden (EWD)
 - Canada (EWC)
- (From a Heritage Foundation study)
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HEALTHCARE

- As countries develop more middle class families, expenditures for healthcare will rise.
 - Invest in iShares S&P Global Healthcare Index Fund
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EDUCATION

It is the “Fourth Wave” of development after agriculture, industry and service (Toffler)

- For-profit US education companies are Apollo (APOL), Laureate (LAUR), Sylvan Learning Centers (SYL), ITT Educational (ESI), etc.
 - EDU: New Oriental Edu&Tech Grp; Beijing; \$70 share; 95 PE; 872,000 students
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INVEST IN “HARD” ASSETS

- As the emerging-market countries develop and advance, the price of commodities will continue to go up.
 - Invest in IGE: iShares Goldman Sachs Natural Resources' Index Fund
-

...Top 10 Leading Countries in Closing the Gender Gap (7 is highest)

□ Sweden	5.53	□ New Zealand	4.89
□ Norway	5.39	□ Canada	4.87
□ Iceland	5.32	□ U. K.	4.75
□ Denmark	5.27	□ Germany	4.61
□ Finland	5.19	□ Australia	4.61

The US ranks 17th after Latvia, Lithuania, France, Netherlands, Estonia, and Iceland. There is a close correlation between gender equality and economic performance. >>>>>

From: Women's Leaders Programme of the World Economic Forum
A survey of 58 countries: OECD plus 28 emerging countries.

2006 STOCK MARKET GAINS: INVEST IN WOMEN!!!

- | | | | |
|-----------|--------|---------------|-------|
| □ Sweden | +43.5% | □ New Zealand | +13.4 |
| □ Norway | +43.1 | □ Canada | +16.4 |
| □ Iceland | +42.4 | □ U. K. | +28.2 |
| □ Denmark | +34.2 | □ Germany | +35.2 |
| □ Finland | +28.4 | □ Australia | +28.3 |

World Stock Market average gain = 19%

US Standard & Poor's 500 Average = 15.7%

IEV – iShares S&P Europe 350 Index = 32.8

THE “PACIFIC TIGERS”

- Countries along the Pacific rim in Asia are the fastest growing countries in the world
 - Buy iShares MSCI Pacific (ex-Japan)
 - Buy APB Asia-Pacific Fund (Closed-end) on the NYSE
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JAPANESE TECHNOLOGY

- EWJ iShares Japan Index
 - Japan Smaller Companies closed-end mutual fund.
JOF on NYSE
 - Buy Takeda Pharmaceutical.
TKPHF as an ADR
 - Buy Kyocera. KYO as an ADR
-

BOOMING CHINA

- EWH: iShares Hong Kong Index
 - FXI: FTSE Xinhua China 25 Index
 - BHP: Broken Hill Proprietary – Billiton ADR (Australian metals)
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CELLULAR IN CHINA

- ❑ China has 1.3 billion pop.
 - ❑ China has the most cellular users in the world
 - ❑ Invest in China Mobile
 - ❑ Buy as an ADR on the NYSE
 - ❑ Symbol is CHL
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Six Asset Allocation Classes

Short Money	US Bonds	For Bonds	US Stocks	For Stocks	Hard Assets
Cash Checking Savings CDs < 2 yrs	T-bills T-bonds Corp. Munis GNMA Mort.	Corp Gov't Emerg.	Value Growth Large Medium Large Sector	Int'l Emerg. Regional Country Sector	Oils Nat. Gas Coal REITs Mining Lumber

FOR FOREIGN, INVEST IN TWO EXCHANGE-TRADED FUNDS

- EFA – invests in the 1,021 largest companies in 22 countries outside of the U S. Replicates the EAFE Index (Morgan Stanley MSCI)
 - EEM – invests in 16 of the fastest growing “emerging market” countries
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FOREIGN (EFA) BEATS US (S&P500)



2002 through September 2007

EFA 21 countries (+100%) beats S&P500 (+25%)

Emerging Markets beats EFA



2003 through September 2007

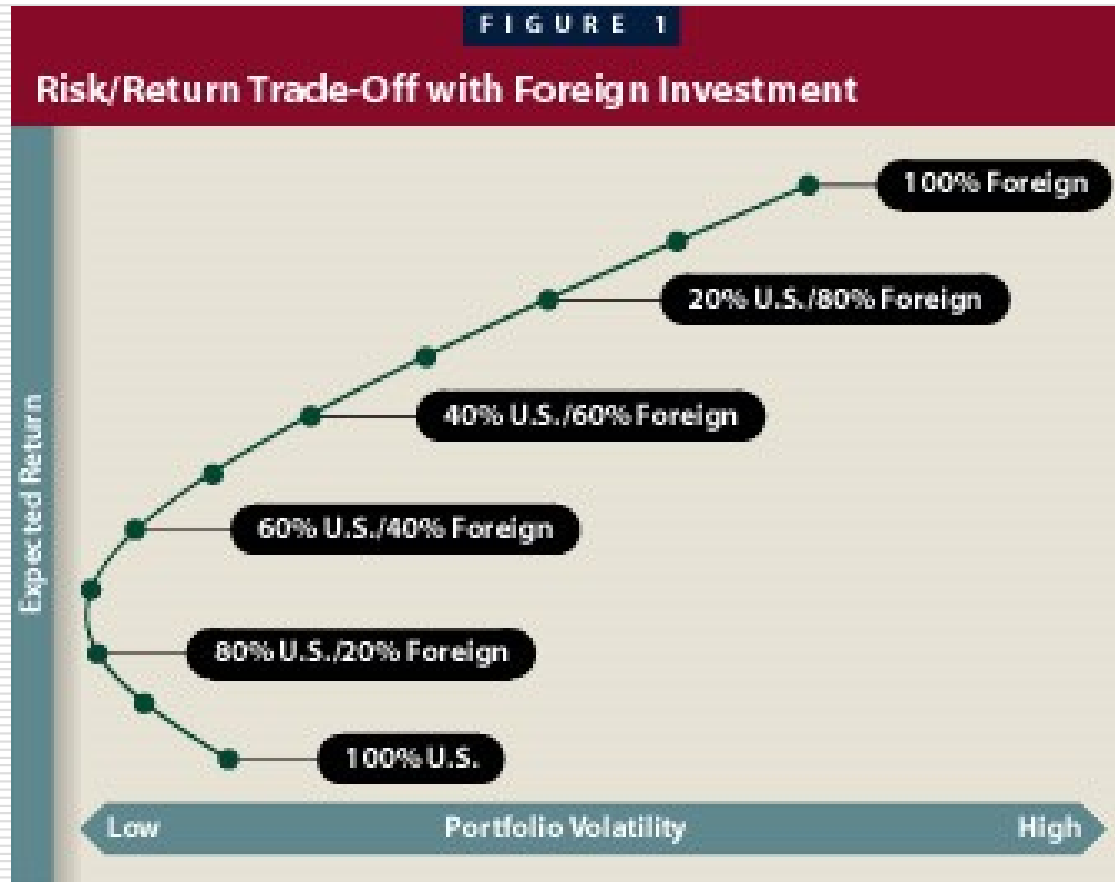
EEM 22 countries (+298%) beats EFA (+147%).

MSCI Emerging Markets Index Fund (EEM)

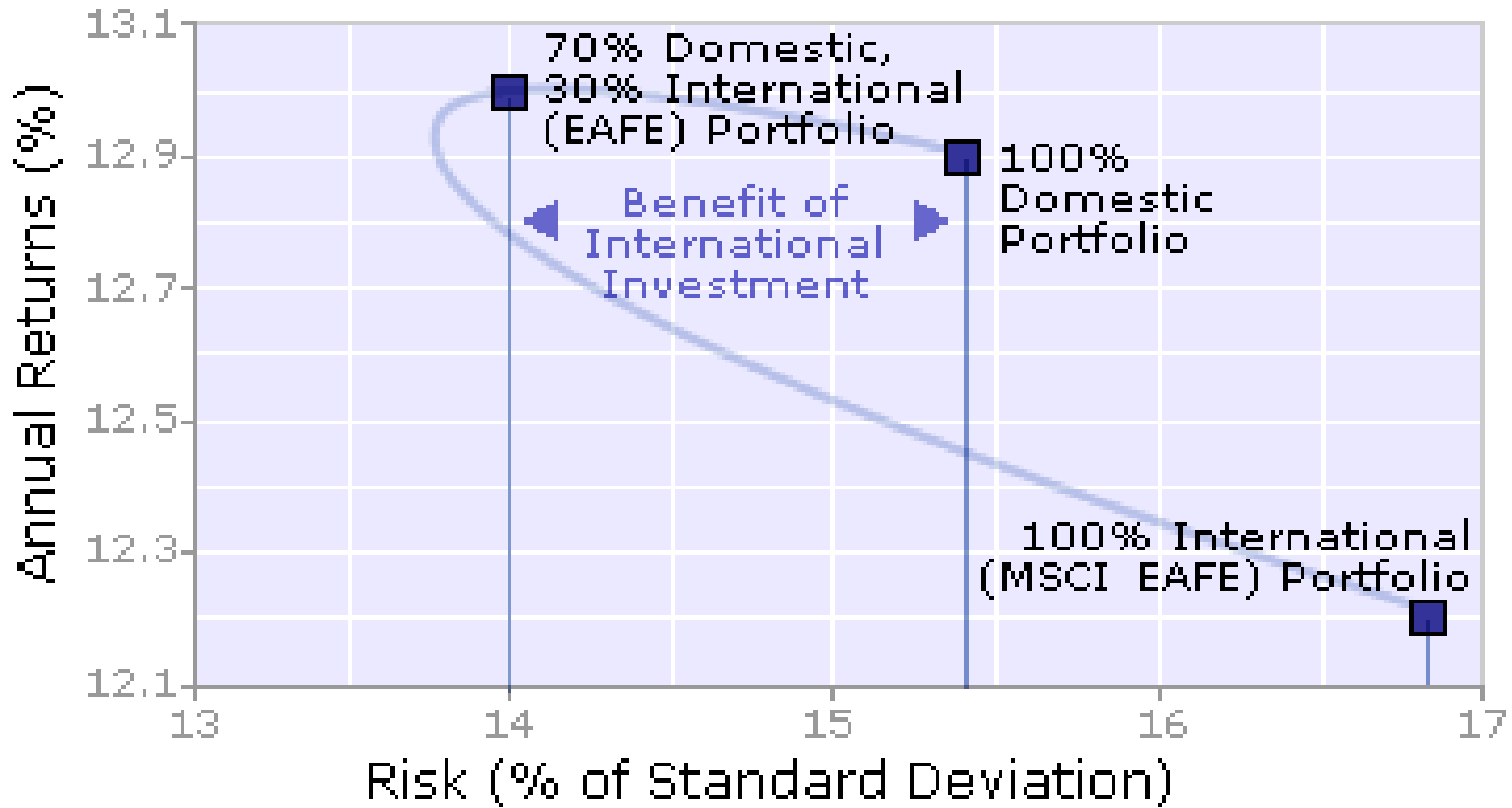
Exposure by Region

Asia/Far East Ex-Japan	50.90%
Eastern Europe	12.30%
South America	9.50%
North America	8.70%
Africa	7.00%
Western Europe	6.40%
Middle East	5.20%

Optimal Global Portfolios

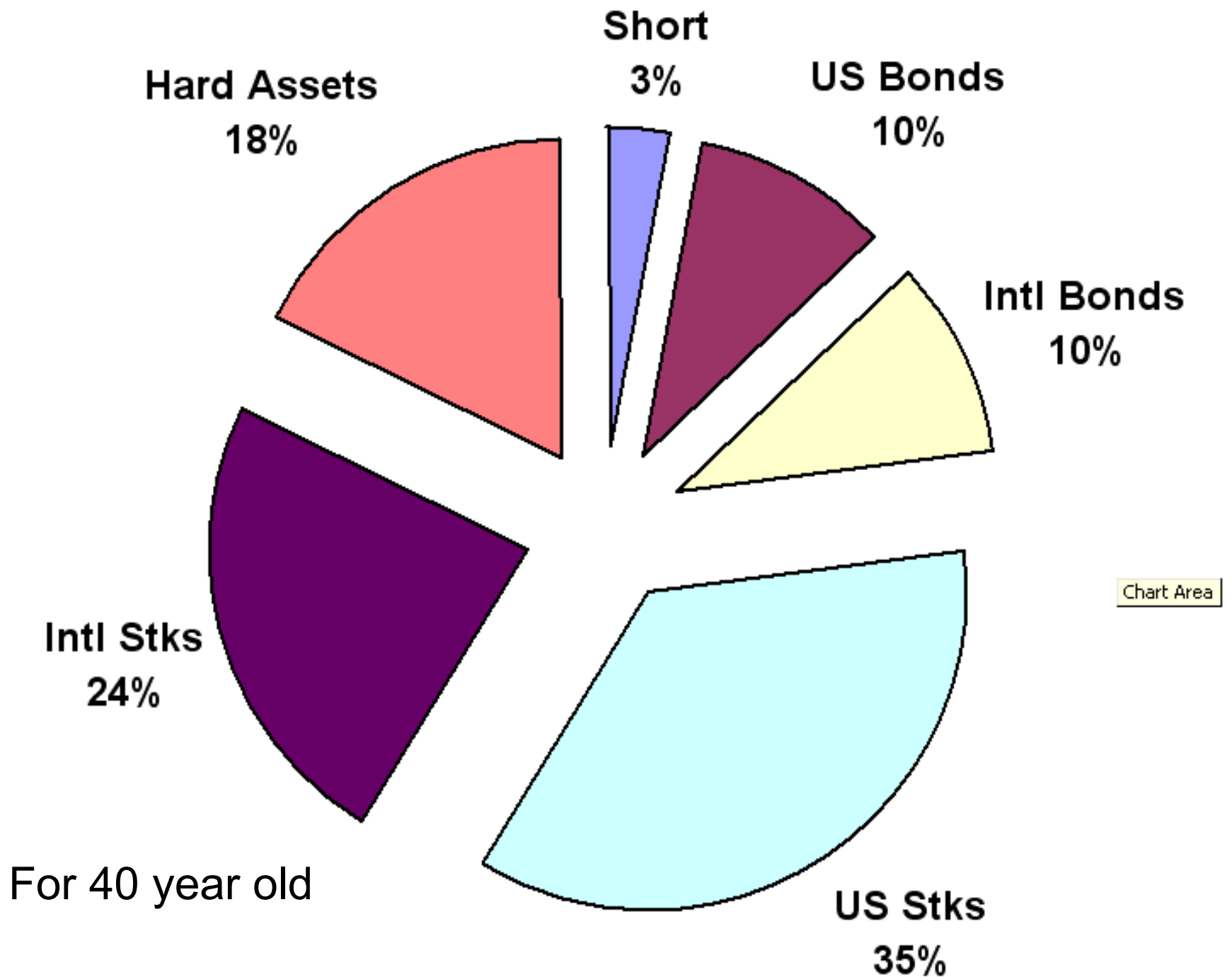


Improving Returns 1970-2000



FOREIGN BOND MUTUAL FUNDS

- ❑ American Century International Bond Fund (BEGBX)
 - ❑ T. Rowe Price Int'l Bond Fund (RPIBX)
 - ❑ Pimco Foreign Bond Fund (PFBDX, PFUIX)
 - ❑ Pimco Emerging Market Bond Fund (PEMDX, PEBIX)
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ETF PORTFOLIO FOR 30 YR OLD

0%	MMF	Money Market Fund
3%	AGG	Leman Aggregate Bond
3%	PFBDX	PIMCO Foreign Bond Unhedged
10%	IWD	iShares Russell 1000 Value
14%	IWF	iShares Russell 1000 Growth
27%	IWM	iShares Russell 2000
25%	EFA	iShares EAFE
11%	EEM	iShares Emerging Markets
7%	IGE	iShares Natural Resources

ETF PORTFOLIO FOR 45 YR OLD

0%	MMF	Money Market Fund
8%	AGG	Leman Aggregate Bond
8%	PFBDX	PIMCO Foreign Bond Unhedged
12%	IWD	iShares Russell 1000 Value
10%	IWF	iShares Russell 1000 Growth
20%	IWM	iShares Russell 2000
19%	EFA	iShares EAFE
9%	EEM	iShares Emerging Markets
14%	IGE	iShares Natural Resources

ETF PORTFOLIO FOR 65 YR OLD

6%	MMF	Money Market Fund
9%	AGG	Leman Aggregate Bond
9%	PFBDX	PIMCO Foreign Bond Unhedged
12%	IWD	iShares Russell 1000 Value
7%	IWF	iShares Russell 1000 Growth
14%	IWM	iShares Russell 2000
17%	EFA	iShares EAFE
7%	EEM	iShares Emerging Markets
19%	IGE	iShares Natural Resources

ETF PORTFOLIO FOR 80 YR OLD

10%	MMF	Money Market Fund
16%	AGG	Leman Aggregate Bond
16%	PFBDX	PIMCO Foreign Bond Unhedged
11%	IWD	iShares Russell 1000 Value
3%	IWF	iShares Russell 1000 Growth
6%	IWM	iShares Russell 2000
10%	EFA	iShares EAFE
4%	EEM	iShares Emerging Markets
24%	IGE	iShares Natural Resources

ETF PORTFOLIO FOR 85 YR OLD

10%	MMF	Money Market Fund
20%	AGG	Leman Aggregate Bond
20%	PFBDX	PIMCO Foreign Bond Unhedged
9%	IWD	iShares Russell 1000 Value
2%	IWF	iShares Russell 1000 Growth
3%	IWM	iShares Russell 2000
8%	EFA	iShares EAFE
3%	EEM	iShares Emerging Markets
25%	IGE	iShares Natural Resources

SEND ME YOUR QUESTIONS

- I will be happy to answer your investment questions.
 - Email them to me:
george@emarotta.com
 - If I can't answer, I will ask my son David.
 - Good luck investing in the future.
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FREE EMAIL INVESTMENT LETTER

- Sign up for my email letter.
 - Give me your email address.
 - Sign-up sheets are in front.
-



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iShares Age Appropriate Portfolios

Recommendation good only until: 6/9/08

Symbol	Age:	10	15	20	25	30	35	40	45	50
MMF	Money Market	0%	0%	0%	0%	0%	0%	0%	0%	0%
AGG	Leman Aggregate Bond	0%	0%	0%	2%	3%	6%	7%	8%	9%
PFBDX	PIMCO Foreign Bond	0%	0%	0%	2%	3%	6%	7%	8%	9%
IWD	iShares Russell 1000 Value	4%	6%	9%	10%	10%	11%	11%	12%	12%
IWF	iShares Russell 1000 Growth	19%	18%	17%	15%	14%	12%	11%	10%	9%
IWM	iShares Russell 2000	37%	36%	34%	29%	27%	23%	22%	20%	19%
EFA	iShares EFA Index	27%	27%	27%	25%	25%	21%	20%	19%	18%
EEM	iShares Emerging Markets	13%	13%	13%	12%	11%	10%	10%	9%	9%
IGE	iShares Goldman Sachs Nat Res	0%	0%	0%	5%	7%	11%	12%	14%	15%
Beta		0.98	0.98	0.97	0.93	0.91	0.84	0.83	0.80	0.78
Expected Real Return: Inflation +		6.34%	6.34%	6.33%	6.16%	6.06%	5.85%	5.79%	5.69%	5.63%

Symbol	Age:	55	60	65	70	75	80	85	90	95
MMF	Money Market	0%	0%	0%	0%	0%	0%	0%	5%	10%
AGG	Leman Aggregate Bond	10%	11%	12%	16%	18%	21%	25%	31%	45%
PFBDX	PIMCO Foreign Bond	10%	11%	12%	16%	18%	21%	25%	31%	45%
IWD	iShares Russell 1000 Value	12%	12%	12%	12%	11%	11%	9%	5%	0%
IWF	iShares Russell 1000 Growth	9%	8%	7%	5%	4%	3%	2%	0%	0%
IWM	iShares Russell 2000	18%	16%	14%	11%	9%	6%	3%	1%	0%
EFA	iShares EFA Index	17%	17%	17%	12%	12%	10%	8%	4%	0%
EEM	iShares Emerging Markets	8%	8%	7%	6%	5%	4%	3%	1%	0%
IGE	iShares Goldman Sachs Nat Res	16%	17%	19%	22%	23%	24%	25%	22%	0%
Beta		0.76	0.74	0.72	0.64	0.60	0.54	0.46	0.29	0.00
Expected Real Return: Inflation +		5.55%	5.47%	5.37%	5.11%	4.95%	4.74%	4.47%	3.93%	3.00%

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