Investment Insight: Discover New Worlds

Investing abroad… allows you to tap economic cycles worldwide.

Traveling to a new land can add adventure to your life. The same is true of investment travels. Investing in international securities has the potential to diversify and boost the value of your holdings.

The practice also provides access to fast-growing economies that are in the early stages of development. Fast economic growth often carries the potential for high returns. Investing abroad also allows you to tap economic cycles worldwide. In this way, your returns become less dependent on the U.S. economy.

Prepare for Volatility

The dark side of this reality is that while international securities offer the possibility of greater returns, they also carry more potential risk. Political structures abroad are sometimes more fragile than in the United States. When political coalitions fail, and change occurs, it can wreak havoc on a nation's investment markets. Keep this in mind when you invest. The types of risk are as follows:

- **Currency Risk.** Fluctuations in the exchange rate for currency can boost or limit investment returns. Therefore, a drop in the value of the currency can offset a rise in security prices.
- **Market Risk.** Many overseas markets are characterized by wide price swings.
- **Experienced Guidance.** One way to manage some of the risks inherent in investing abroad is to put your portfolio in the care of a professional who will tackle the complicated job of analyzing data about companies and economies abroad. There are several types of investment portfolios to consider, depending on your risk tolerance and time frame. These different types are detailed on the following page.

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The complexities of building, preserving and passing along wealth have never been greater. Affluent investors are increasingly seeking guidance and comprehensive solutions that consider their unique circumstances and long-term goals. It's my pleasure to work with such individuals to offer insight, advice and solutions in helping them pursue their goals.

1. **International bond portfolios** are comprised of bonds issued by companies and/or governments throughout the world. Their primary goal is to provide current income. Appreciation of capital is secondary. These portfolios tend to be less volatile than international stock portfolios.

2. **International stock portfolios** are comprised of a diverse spectrum of international stocks, but make little or no investment in U.S. shares. The degree of risk depends on which overseas markets are available to the manager.

3. **Global stock portfolios** are the most diversified of all overseas stock portfolios. Generally, they invest in several regions of the globe, while reserving some assets for U.S. stocks. The U.S. portion may reduce volatility.

4. **Diversified emerging market portfolios** invest in a smattering of markets in developing regions, such as Latin America and the Far East, and may suffer large losses from time to time.

5. **Single-region portfolios** focus on one continent, or slice of the world, such as Europe or the Pacific Rim. The portfolio's value fluctuates with the region's economy.

6. **Single-country portfolios** focus on one overseas market—ranging from developed markets, such as Germany or England, to emerging markets, such as Chile or Russia. Your investment is at risk if the country suffers economic, financial or political problems.

If your long-term investment goals include saving for retirement, and your risk tolerance is high, consider adding overseas investments to your strategy. Call me to determine if global investing fits into your portfolio.