

THE CASE FOR INVESTING OVERSEAS

Diversification... the key to reducing risk and volatility in your investment portfolio. Most people understand this principal and apply it to their stock and bond portfolio, but they often do not include international securities. This can be a very good way to reduce risk and increase potential returns.

Over 60% of the worlds' investment capital is now in non-US securities. In most years, the top performing stock market around the world is not our country. Rapid growth in other areas of the world and markets that are often less efficient than our own, create opportunities for investments abroad.

There are a number of reasons to invest overseas. In recent years, the average returns overseas have been 2% higher than US stocks. Many of these markets have low correlation with US securities - when the US markets under perform, international markets often do well. While international markets by themselves may be more volatile than the US, this contrary behavior can help to reduce the overall volatility of your investments.

The rapidly growing universe of international mutual funds has made it very easy to participate in these markets. By using funds, you can have managers with vast experience selecting stocks and bonds in the various markets of the world. A mix of multi-country, emerging market, and small capitalization funds is the best way to balance your investments across many of the worlds' markets.

Take a look at your own portfolio to see how much you have in the international arena. This may be one of the best ways to enhance your returns and lower your overall risk.