

>: 1000% Profits with Two Asia ETFs

Tuesday, December 2, 2008 / Chris Rowe

Yesterday, the National Bureau of Economic Research (NBER) said its Business Cycle Dating Committee determined that the U.S. entered recession in December 2007.

WOW! We've been saying we are in a recession for the last 10 months or so. Are we really that smart, or just not in denial, or what?!

Typically, by the time these guys announce that the U.S. has been in a recession, the market has already bounced off of its lows by 15% - 25%. But this market has been anything but typical. However, the announcement that we now recognize we've been in a recession for a year is actually more encouraging to me that we are closer to a bottom.

So what should you be doing here?

Ten out of the last 11 trades I recommended at The Trend Rider have been bearish trades (profiting from downside moves) as we mainly focus on ways to profit from the "intermediate term" (weeks to months). Needless to say, I've been jumping for joy lately as the market has been crushed.

Still, we have to remember that while it makes plenty of sense to profit from downside moves in this market, we are looking at historically low valuations. (That doesn't mean they can't go much much lower. But in 10 years we will likely look back at 2008 - 2009 as the best buying opportunities we've ever seen.)

For the last several weeks, I've been talking about [ways to get rich in one of the most volatile of global markets: China](#).

I've given some of the best "very long-term" investments that a person can make, and I've done so at the risk that comes with writing to a crowd that considers "long-term" the next few weeks: The risk that my "very long-term" view will look incredibly foolish in the coming months if they trade much lower.

So each time I write about these future monsters, I preface by explaining that these are stocks that you want to hold for at least a decade, and possibly longer. I think you can make several thousand percentage points over the "very long-term".

I've read many e-mails explaining how difficult it has been to buy individual stocks, even with a very long-term view. So today, I'll give you two Asian ETFs that you can buy that will also benefit enormously from the Asian economic boom. Since the ETFs represent a weighted average of a large number of stocks, perhaps you'll feel more comfortable due to the reduction of risk provided by diversification.

The other concern I've heard is one about governmental corruption and questionable accounting methods. So the ideas you're about to hear will address those concerns as well.

The first ETF I'll recommend will probably trade at five times today's valuation in the next five or six years. It closed at \$6.32, down from its 2007 high of \$16.00.

iShares MSCI Singapore Fund (Symbol: EWS)

This ETF tracks an index that consists of stocks traded primarily on the Singapore Stock Exchange. It currently has a nice yield of 4.18%.

You can start buying it here and keep building your position by purchasing more shares each time it trades down 1 point. If you play it right, you'll probably make well over 1,000% over the next decade.



bounce back, so the question becomes: "Who will bounce back the strongest?" Singapore is extremely well positioned.

Its average three-year growth rate from 2005 - 2007 has been 7.3%. This is a country with the world's seventh largest foreign reserves which may not blow you away unless you knew it only has a population of 4.6 million! Think of the United States where the average citizen has hardly any savings and is saddled with debt. I often read envious articles contrasting China's reputation of being savers by nature as a government as well as its citizens. Well, Singapore's government mandated a retirement savings program that led to a 40% savings rate, one of the largest on earth!

Singapore has increasing trades with Mainland China and its strategic location on major sea lanes gives the country an economic importance. China and Hong Kong are Singapore's largest trading partners.

It also has increasing financial services with Mainland China and many foreign governments are attracted to *its reputation of having a government that is not corrupt*.

Singapore has an immigration system that promotes economic growth, incentivizing the brightest students in Mainland China to migrate to Singapore. Private business, foreign trade/investment and tourism are all encouraged by its government.

Tourism, one of its biggest industries, is growing fast as intrigued travelers from around the globe are drawn to Singapore's popular nightlife.

For more information and statistics, click below.

<http://www.state.gov/r/pa/ei/bgn/2798.htm>

The next ETF I'll recommend will recommend has similar upside to EWS (that I just discussed). I recommend buying half here, and hopefully it will get smacked down to lower levels. It closed yesterday at \$6.18, down from its high of about \$24.00.

iShares MSCI Hong Kong Index Fund (Symbol: EWH)

This ETF tracks an index that consists of stocks traded primarily on the Stock Exchange of Hong Kong Limited. The yield is currently 4.90%. This ETF mainly holds stocks that are in Hong Kong's financial sector. It closed yesterday at \$9.45, down from a high of about \$24.00.



Why Hong Kong? Why their financial sector?

The richest city in China, Hong Kong is absolutely the most attractive financial market for Chinese companies to go public. I told you I'd be addressing your concerns of legal, governmental and accounting reliability, and Hong Kong is where investors, from all over the world, have the highest level of confidence in that area. Being known for its superior reliability has caused money to pour into Hong Kong.

It's just an incredibly attractive place for money to make its way to. The free currency exchange status make it attractive and its dollar is pegged to the U.S. dollar, which keeps Hong Kong tied to the global financial market. Its economy has also proven in the past that it can bounce back from economic hardship.

Hong Kong is also a major shipping destination for goods coming into, as well as a main gateway for goods coming out of, mainland China. Tariffs

were eliminated on goods coming from Hong Kong to mainland China five years ago. In 2003, China removed restrictions on traveling to Hong Kong, bringing millions of shoppers from China (especially because of lower duties), U.S., and Japan.

For more information and statistics, click below.

<http://www.state.gov/r/pa/ei/bgn/2747.htm>

These are two ETFs that offer very attractive yields (again, of 4.18% and 4.9% respectively). These would be attractive yields on a government bond, but here you have all of the upside of the stock market. Of course, there is a real possibility that you will experience continued high volatility. If you can't take the heat, then you probably won't make monstrous profits either. But if you have a very long-term outlook, you will be handsomely rewarded in the form of capital gains and dividends.

The sky won't be falling forever folks.

?Profit from the Trend?



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