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# On investing

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# GLOBAL EXPOSURE

INVESTOR Q&A

# A World of Opportunities

A lawyer by training, Mark Whitmore also has a degree in international studies, and wrote his master's thesis on emerging-market economies. In 2002, he took down his law shingle and became a full-time investor, with 80% of his portfolio invested outside the United States.



*On Investing* recently spoke with Mark, now age 44 and living in Seattle with his wife and infant son, about supporting his family by looking for investment opportunities around the world.

**Q. How would you describe your investment style?**

**A.** I consider myself a contrarian. Anything the market loves, I try to avoid. The sectors that are hated and in a state of distress are the ones I find most interesting.

All my investments have at least a five-year time horizon. Because I'm a strategic investor, I don't find much need to make daily or monthly changes.

**Q. Why did you start adding international investments to your portfolio?**

**A.** I began investing in 1999. At that time I was of the opinion that the US stock market was overvalued, particularly in the tech sector. So I started by investing in some Indonesian and Korean stocks.

**Q. How have your international holdings changed over time?**

**A.** Early on, I bought exchange-traded funds (ETFs) and mutual funds. The obvious benefit is that you can get some nice diversification with a reasonably small amount of money. It's a great approach, especially with a modest-sized asset base. After a while, I realized that I could put together my own diversified portfolio

of international equities. Now most of my international investments are individual stocks. I go into the foreign markets through Schwab and buy international equities on their exchanges. I also used to have a fair amount of exposure to Europe. I've essentially eliminated that exposure, largely because of concerns regarding the periphery countries—Portugal, Italy, Ireland, Greece and Spain—and their ongoing financial crises.

**Q. What kinds of international asset classes do you prefer?**

**A.** I've always leaned toward equities and currencies. However, now the largest component of my portfolio is commodities and commodity-based companies. I'm interested in getting long-term exposure to agricultural commodities and precious metals, based on my international views. In emerging markets, for example, the rise of a large consumer-based population and improved standards of living typically means the demand for proteins will go up. That could put pressure on grain due to the need to feed more

animals. I also own a number of foreign REITs, but that's for the dividend stream of income.

**Q. What parts of the world look particularly attractive to you right now?**

**A.** I'm finding some opportunities in Asia that represent pretty good value. Some sectors are currently yielding higher dividends in Singapore and Hong Kong than they are in the United States, and I like having a dividend stream of income to cushion market volatility and create a safety net. Singapore is an especially attractive country to invest in. The government is extremely pro business and has a history of being stable. I'm also finding some opportunities from a value standpoint in the Middle East. After events this past spring, people are understandably nervous about having that exposure. But at the same time, I think that strategic oil resources there provide some good long-term prospects.

**Q. How do you do research?**

**A.** I'm a voracious reader, whether it's news periodicals, business trade publications or general market commentaries.

Basically my research is Web-driven. There are tremendous tools on the Web, and companies like Schwab have great access to specific information about the valuation metrics of companies and other important details.

**Q. What adjustments have you made to your portfolio recently?**

**A.** I'm finding it difficult to discover really unloved sectors. Since early 2009, most markets throughout the world have rebounded rather sharply, so at the moment I don't see a ton of amazing opportunities. I'm trimming positions, largely because I think it's going to be smart to have cash available.

**Q. What are your current financial goals and your plans for retirement?**

**A.** My goal has been to establish a large enough personal portfolio that I'll be able to manage my own money and be semi-retired. But I don't actually want to retire right now. In fact, one thing I'm considering is entering the money management field. After doing this for nine years on my own with a fair amount of success, that's something I would really enjoy. ■■

For help with your international portfolio, call Schwab's Global Investing Services Team at **800-992-4685**.

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