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MAGAZINE COVER by Reshma Kapadia and Elizabeth O'Brien

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5 Ways to Invest Globally

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Currencies

One of the trickiest ways to get into foreign markets is to play their currencies, betting on whether they will go up or down versus the U.S. dollar. The pros' message for most investors: Don't try this at home. A year ago many pundits predicted the dollar would decline, weighed down by the trillions printed to bail out the U.S. economy. They were wrong: The euro tanked, while the dollar is up nearly 12 percent this year against a basket of six major currencies. Still, some advisers say foreign currencies—used carefully—can help diversify portfolios. Rand Spero, a financial planner in Lexington, Mass., puts as much as 10 percent of his clients' cash holdings in currency exchange-traded funds like the WisdomTree Dreyfus Chinese Yuan ETF. He thinks the yuan will appreciate over the coming years, and the ETF could offset the toll that a declining dollar would take on his clients' purchasing power.

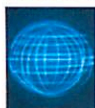
Financial advisers generally agree that before buying yen or yuan, investors should take into account the currency exposure they already have—which may be more than they realize. ETFs from iShares, for example, have built-in currency diversification: The funds invest whenever possible in the local shares of foreign stocks, and those companies report their earnings in their home currencies. And some foreign bond funds don't hedge against currency movements, so currency fluctuations affect the funds' performance. For many investors, buying such investments could ultimately be simpler than trying to trade specific currencies, as Spero admits, "the timing is very hard."

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Nasdaq	2249.84	- 0.00	0.00%
S&P 500	1095.17	- 0.00	0.00%
Russell 2000	640.16	- 0.00	0.00%
10 Yr Bond	3.03	▼ -0.01	-0.33%
DJ Total Market Index	11405.71	▼ -6.22	-0.05%
S&P 400	752.53	- 0.00	0.00%
Nasdaq 100	1853.41	- 0.00	0.00%
DJ Transportation	4277.42	▲ 30.42	0.72%

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