

# BUSINESS

## FINANCIAL REPORT

### Global Investing: A World Of Opportunity

By Fred T. Snyder

Many financial publications carry articles about investment opportunities beyond the United States. They talk about a "whole other world" of investing and what many American investors may be missing. While you must carefully choose the foreign markets in which you'd like to invest, the number of variety of options may surprise you.

Global investing can offer several advantages:

1) **Diversification to your portfolio.** Owning stocks from other countries can lower your vulnerability to one market's fluctuations. Plus, according to research from Morgan Stanley Capital International, more than 60% of the world's investment opportunities lie outside the United States. This means investing globally can provide a number of additional ways to help you diversify internationally.

2) **More access to "Blue Chip" stocks.** Many of the world's largest corporations have headquarters in other countries. According to the research, industries that can claim several foreign-based leaders include banking, electronics, insurance and engineering.

3) **Potentially higher returns.** While past performance cannot guarantee future results, information in the Wall Street Journal noted that the world's top five stock markets have yielded annual total returns in the 13% to 16% range. Prior to stocks' great run in 1995, they also have reported that U.S. stocks had yielded only about

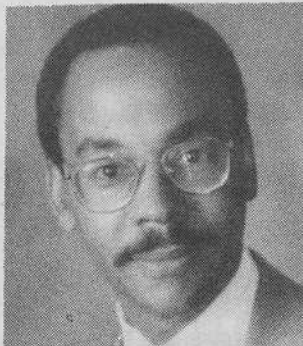
10.6% in the 1990s.

The most popular ways to invest internationally are by purchasing American Depository Receipts (ADRs) and in mutual funds that specialize in foreign companies. While you may buy foreign shares directly, the problems often outweigh the advantages.

ADRs are receipts issued by an American bank that holds foreign shares for investor purchase. The participating banks must follow standard U.S. accounting and reporting procedures, and ADRs are priced — and the dividends are paid — in U.S. dollars.

International mutual funds, which specialize in foreign stocks, are perhaps the easiest and most economical way to invest internationally. Purchasing diversified foreign stocks through a professionally managed mutual fund may help minimize some of the special risks of foreign investing. These include currency fluctuations, foreign taxation, political and economic unrest, limited information on a company's fundamentals and differences in accounting practices. You may also want to consider foreign closed-end funds, funds that invest in certain regions (e.g., the far east) and variable annuities.

If you prefer the security of owning domestic companies but still want some foreign exposure, you have a couple of options. You may purchase stocks of U.S. companies with global operations, which in itself offers



FRED T. SNYDER

diversification. Or, you may want to look at "global" funds, which are different from the "international" funds discussed earlier. Global funds invest at least 25% of their assets in securities traded outside the United States but may own U.S. securities as well.

Global investing can be an exciting and potentially beneficial strategy, but don't just do it for the sake of doing it. Work with an investment professional to determine if and how certain foreign investments will best match your financial objectives, so you can give yourself a world of opportunities.

Fred T. Snyder, Investment Broker, A.G. Edwards & Sons, Inc.

## Southern Nevada Enterprise Community

Since the designation of Clark County as an Enterprise Community in December of 1994, the number of developments and programs initiated by the private sector and government agencies has grown far beyond expectations. Currently, there is over \$1 billion in public-private partnership investments either under way or

## MONEY MANAGEMENT

### The ABC's of investment clubs

RENO — Al is a retired plumber. Barbara is a young widow with three children. Carol and Dave are a professional couple. Once a month, they get together with ten others in the local library meeting room. After some small talk, each person places a check for \$50 on the table. A high stakes card game? Not a chance. In this game, the members don't play against one another — they're members of an investment club and they win or lose as a group.

An investment club is a group of friends, neighbors, relatives, business associates, or others who pool their time, talent, and money to research and invest in stocks, according to the Nevada Society of CPAs.

The National Association of Investors Corporation (NAIC) estimates that there are now more than 32,000 investment clubs in America, about half of which belong to this umbrella organization of investment clubs. Altogether, NAIC investment club members have invested more than \$1.2 billion.

#### HOW DO INVESTMENT CLUBS WORK?

Typically, investment clubs have 10 to 15 members who

meet monthly to invest a modest sum of money, perhaps \$20 or \$50, in the club's portfolio. For most investment club members, gaining investment savvy is as important as earning money. That's why in successful investment clubs, each member is responsible for contributing knowledge and research to the team effort. Most clubs assign each member to study a specific stock. Writing for annual reports, studying investment publications, and tracking a stock's past performance are some of the tasks members are expected to perform. Club members also monitor the performance of the club's current holdings. Some clubs invite guest speakers, such as local brokers or investment analysts, to speak at their meetings.

#### WHO DECIDES WHAT TO BUY AND WHEN TO SELL?

Some clubs determine whether to buy or sell a stock by majority rule, but most use a weighted voting system so that long-term members with more money at stake have more votes. The most successful clubs take long-term buy-and-hold approaches to investing, which CPAs say is the wisest strategy

for the average investor.

#### HOW MUCH DO I HAVE TO CONTRIBUTE?

According to NAIC, the average monthly investment is about \$37. New clubs generally start with small monthly investments — about \$20 — so members don't incur much risk while they are learning the investment ropes. As members' investment know-how increases, clubs can raise the monthly ante.

#### WHO PAYS THE TAXES?

A majority of the clubs currently operating are, for tax purposes, partnerships. Generally speaking, the club files a partnership return on which it reports the tax consequences of its transactions for the years as well as the shares of each member. As an investment club member, you pay tax on your share of dividends, interest, capital gain, and other income earned by the club, as if you earned the income. For example, you report your share of the club's capital gains and losses on your Form 1040, Schedule D on the line provided for partnership gains and losses, and you report your share of dividends and interest on Form (See Money Mgt, Page 5)

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identified for funding in the Enterprise Community. The Southern Nevada Enterprise Community (SNEC) Executive Steering Committee met January 9, 1996, to approve the allocation of funds for the \$2.95 million in Enterprise Grant monies. These allocations were ratified by the Board of County Commissioners on February 6, 1996.

The focus of this allocation process has been on-job creation, business development, job training for actual employment opportunities for neighborhood residents, supportive day care services and reduction in crime. The goal has been to create sustainable economic development in the Enterprise Community. By increasing the income levels of the residents, they will be better able to live independently which should reduce future government subsidies and involvement in their lives.

According to Board of County

Commission Chair Yvonne Atkinson Gates, "The significance of allocating these federal dollars in these specific categories is how the local government entities, businesses, agencies and community residents focused on the vital needs of the Enterprise Community. We were able to bring to the table various perspectives of the issues that were concerning residents, and this brainstorming allowed residents to share control in determining the allocation of funds in areas they themselves identified as problematic."

The allocation of these funds centered on the Community Involvement Program, one of the vital components in the SNEC Strategic Plan and Designation Proposal. The community involvement program includes six primary public/participation techniques to achieve its objectives: Southern Nevada Enterprise Community

Newsletter; community workshops; community survey; focus groups; Steering Committee; City Council/County Commission briefings and public hearings.

According to North Las Vegas Councilman Theron Goynes, "The goal of the Enterprise Community Program is to facilitate personal and community services on the ladder towards economic and social independence. While the public sector can facilitate, the private sector is the engine for economic development and our goal is to attract and foster private sector expansion in these neighborhoods."

The SNEC Executive Steering Committee, who were given the flexibility by HUD to allocate the Title XX funds in accordance with the previously approved Strategic plan, chose the five categories to reflect the intent of the Community Involvement Program. They included: Economic and Small Business Development/Incentives; Education and Job Training; Community Services; Public Safety/Community Policing, and Small Business Development/Business Incubator Concept.

Economic and Small Business Development/Incentive: The purpose of the Economic and Small Business

(See SNEC, Page 5)

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