

## 2013 : Investment Adventures in Emerging Markets

**Sprott Physical Gold Trust ETV (PHYS:NYSE).** Holding gold is a no-brainer for long-term investors. It's a store of value, and it's easy to hold a significant portion of your portfolio in gold through an ETF. Now, some traditional gold investors say they'd rather hold the real stuff, so that's why I've chosen PHYS.

This exchange-traded vehicle holds physical gold in vaults in Canada, so each unit is backed by gold. And here's the best part... If you hold enough units, you can actually take delivery of your gold. For full details, see the prospectus, but for us, right now, the ease of an exchange-traded gold asset is a great addition to our portfolio.

Gold has performed extremely well over long periods of economic stress, and we've got many more years of stress ahead of us. PHYS won't be our only foray into gold, but it'll be a constant one.

**Watson Pharmaceuticals, Inc. (WPI:NYSE).** This has been a darling of a stock for us in 2012. The past couple of days have shown a steep fall-off in the share price on significant volume. One reason is that WPI expected its Concerta drug for ADHD was going to be a big moneymaker, but another company just received FDA approval for its version, which could cut into WPI expectations.

This is a short-term negative catalyst for lower WPI prices. But here's why we're still holding it.

WPI is going to save hundreds of millions of dollars a year from its Actavis acquisition, and is gaining access to big markets in Eastern Europe and the Asia/Pacific region. That's great for long-term, steady growth. The company has 180 drugs in development and 17 global research and development facilities. It's the third largest generic pharmaceutical company in the world, and I think this acquisition is going to bring a lot more to the table than is already priced in.

The next five years is going to show WPI as a big growth name.

**iShares MSCI Philippines Mkt ETF (EPHE:NYSE).** This ETF has performed fairly well for us over the second half of 2012, and I'm expecting those gains to increase in 2013 and beyond.

The Philippines is a unique place that's shifting from a "Western Union" based economy – where much of people's income comes from family members working in the U.S. or other country – to a domestic consumption-based economy. Its industrial growth is adding a lot of meat to the pot, too, and as a result, this ETF is posting great gains. It posted positive gains every year for the past 10 years, and things are just starting to heat up.

With gains of 20% in our portfolio, and almost 40% for all of 2012, EPHE is a long-term hold for us.

**iPath DJ UBS Grains ETN (JJG:NYSE).** The supply and demand dynamics for agricultural grains is too good to pass up – especially when you consider that 200,000 new people are born every day.

Agricultural commodities aren't like other things people buy. We might be able to skip buying a new car or even a new coat, but we have to eat. I live in Wisconsin, which was severely hit by a drought in 2012. Corn dried up in the fields... hay prices more than doubled... soybeans were being turned under.

There's not a lot of room for seasons like this. With tight supplies and a growing number of mouths to feed, agricultural commodities might be the play of the decade.

**Starbucks (SBUX:NASDAQ).** Every time I see someone with their little to-go cup with the green goddess on it, I smile, because we're holding SBUX in our portfolio.

But it's not what folks are buying in Manhattan, or Seattle, or D.C. that I'm most interested in with this company. It's what folks are buying in China and India and other growth markets that's got me psyched about SBUX. Growing income from growing middle classes is where SBUX is going to really soar.

Starbucks Corp. outlined (13.0102) the details, of its planned move into Vietnam's bustling coffee market, saying it will open its first cafe there early next month, in Ho Chi Minh City, along with partner Hong Kong Maxim's Group. The move continues Starbucks' expansion in the Asia-Pacific region, as the company now will have more than 3,300 stores over 12 countries, including about 700 in China alone.

Add to that the fastest growing coffee segment – single-serving home brew stations – and SBUX could be one of the best consumer brands in 2013... and beyond.

**Empresas ICA, S.A.B de C.V. (ICA:NYSE).** ICA is one of the best ways to take advantage of a growth market. ICA is a builder... hydroelectric plants, airports, apartment buildings, toll roads. This company wins a lot of contracts, and they're not just from the government.

But here's the thing... Mexico's government has a very low debt-to-GDP percentage. That means it's got a lot of room to grow, and, boy, does it need it! Mexico City alone is going to add more than 1.5 million new residents in the next 12 years.

All those people are going to need infrastructure, and ICA's going to get the bulk of the contracts.

**Gran Colombia Gold Corp. (GCM:TSX).** This gold company has some interesting prospects. It's the largest underground producer of gold and silver in Colombia, a growing mining country with vast resources.

With three projects in the north of the country, GCM is set to really expand its production. In the third quarter of 2012 (the most recent report), the company produced 24% more gold than the previous third quarter. Revenues climbed 21%, and costs improved.

All of these companies and exchange-traded assets have this in common: long-term potential growth.

Steady, consistent gains from long-term, macro shifts in our global economic environment. This is the way to build legacy wealth, generational prosperity and financial security.

Happy Investing,