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## Take a Global View

As we enter July and celebrate our Nation's independence, I find it appropriate to take a moment and reiterate how blessed and fortunate we are to call America home. Many men and women have died protecting our great nation and it's humbling knowing the opportunities afforded to us. The four year tradition that brings competition together on the world stage is also starting this month with the Summer Olympic Games. It's an exciting time to compete and provides the opportunity for athletes to gain exposure on the world stage.



Gaining exposure around the world is also fundamental when it comes to investing. You have heard the old adage "don't keep all your eggs in one basket" which goes hand in hand with having a portion of your nest egg invested over seas. International markets are broadly broken down between developed and emerging markets. Developed markets are well established, secure economies, and have relatively high incomes. Examples include the United Kingdom, Canada, and Japan. Emerging markets, at their core, are economies that are in the process of becoming developed. They may experience higher levels of growth and increased volatility. China, Mexico, and Russia are a few examples.

The international market represents around 46% of the world's stock market. What's more, the S&P 500, which is widely considered one of the best gauges of the U.S. stock market, derives about 30% of its revenues from foreign markets.\* Among these markets China, Japan, and the United Kingdom make-up the highest percentage of said revenue. It is a big and potentially costly decision from both a profitability and diversification standpoint to forgo any international investment.

You may hear talk of the U.S. dollar weakening or strengthening overtime. Much like stock investments, different currencies fluctuate in value which has a direct impact on purchasing power and international trade. When the dollar is down, international stocks may provide protection as their currency and subsequent stock market rises. As more money flows overseas, the foreign currency rises while the dollar falls. Having investment in the foreign market could capture some of this upside and limit the decline in your overall portfolio.

As I have reiterated in many of my publications, owning a diversified portfolio is vital as you save to reach your short and long-term goals. Depending on your unique situation, allocating a portion of your assets to international stocks and bonds may make a lot of sense. It's important to understand what you own and equally as important, why you own it. I hope everyone had a great 4th of July with family and friends!

—Rob Swarts, AWMA®

\*The Impact of the Global Economy, SPGglobal.com