

Investing in a Developing World's Infrastructure

We have seen the world that was developed into the world that is; throughout the next decade we will witness a tremendous shift in the development of the world that will be. The most substantial shift will occur in the emerging markets as a shift toward a more industrial-technological society is made.

For this industrial-technological shift to occur throughout the emerging markets of the world, a substantial amount of infrastructure projects will occur. More urban living means the expansion of current cities and the development of small towns into what will become major cities.

Investors wishing to prepare themselves for this oncoming infrastructure boom should consider companies that will benefit globally from this trend. Country specific needs and opportunities will exist, but when balancing risk and return, companies with a global exposure will generally be better positioned in terms of expertise, resources and pricing compared to regional providers.

Cisco Systems (CSCO), a company in TheMarketCapitalist.com portfolio, is a global technology company that will benefit greatly from the expansion of urban centers throughout the world. Technology is already a huge part of the lives of everyone across the globe. The need for connectivity will only increase as businesses and governments seek to better manage their limited resources in a world of scarcity.

Whether it's providing stable and reliable transportation, energy, water or communications organizations are increasingly dependent upon data to drive their decision making. More people living in a more concentrated area that are consuming more goods and services require that a structure exist to meet and balance the competing needs of groups and individuals.

The need to better manage limited resources will be met through an increased emphasis on data collection, monitoring and analysis. This theme will echo throughout all developing cities around the world and Cisco Systems will be one of the main network structure and connectivity providers to meet the needs of local/national governments and businesses throughout the world.

Do not become lost in the headlines of today. Consider the direction the world is heading on a macro level and then consider what companies are best positioned to meet the needs that will develop from foreseen societal shifts.

TheMarketCapitalist.com Portfolio Selection

Company	Ticker	Buy Date	Buy Price	Last Price	Performance	Buy Target
SeaDrill Limited	SDRL	9/7/2011	30.25	30.83	1.92%	Up to \$38
Weatherford International Ltd.	WFT	9/7/2011	16.31	13.95	-14.47%	Up to \$26
American Tower Corp.	AMT	9/7/2011	53.75	55.43	3.13%	Up to \$68
PowerShares Water Resources	PHO	9/7/2011	16.42	16.59	1.04%	Up to \$22
Cisco Systems, Inc.	CSCO	9/7/2011	15.42	17.25	11.87%	up to \$21
Deere & Company	DE	9/7/2011	78.97	71.05	-10.03%	Up to \$92

Considering Shareholder Yield

Steady returns and defensive price stability controls are important to many investors. Therefore, dividend yield is one of the main factors considered by a diverse group of investors when evaluating whether or not to purchase a stock. While analyzing dividend payout history and yield can be valuable in the process of identifying winning stocks, the concept of shareholder yield should not be forgotten.

Shareholder yield is not something that you will find quoted in a summary table when pulling up a stock quote on a finance site, nor is it something that is discussed much in conversation or in newspaper and magazine publications. While not overtly more complex than dividend yield, shareholder yield does take some more time to determine, but can be the extra layer of analysis that reveals to the investor whether or not the stock is really worth purchasing.

Shareholder yield is defined as a combination of dividend payouts, stock repurchases and debt reduction put forth by a company. When these factors are looked at in whole or in combination, the investors see a more complete picture as to what the company is doing to promote value per outstanding share of stock.

As an investor, the most straight forward way to leverage the concept of shareholder yield is to look at annual dividend yield plus the change in shares outstanding. If you see that a consistent pattern of increases in dividend payouts is occurring annually coupled with a steady trend of share buy-backs, then you might have discovered a company that is taking an aggressive approach to promoting shareholder return.

Keep in mind that all share repurchase programs are not equal. Just as with dividend payments, the share repurchases must be done in a reasonable manner. If the quoted price of the repurchase program is at an inflated range or the company is foregoing better uses of its capital, then the repurchase program could be a detriment to shareholder value.

How would an investor go about calculating shareholder value?

1. What is the annual dividend yield?

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- a. This figure is often quoted as part of the stock's summary information within finance websites. It's a historical number and with some investigation an investor can quickly get an idea of the historical stability of the payout.
2. Is the company planning on repurchasing shares?
 - a. To determine the answer to this question, research the company's past press releases and/or their SEC report filings.
 - i. When looking at SEC filings consider the company's 8-k, 10-q, and 10-k
 - b. If repurchase plans have or will occur, it is essential to know how many shares are being purchased versus the current number of shares outstanding
 - i. Example: 50,000 share buyback / 750,000 shares outstanding = 6.67% of the company's outstanding shares retired

Equation: Shareholder yield = Annual Dividend Yield (%) + Annual shares retired (%)

Companies that have a history of growing their dividend and repurchase shares should be seen as a potentially lucrative investment. Dividends bring consistency in returns and a defensive mechanism against backsliding in share price. Shareholder repurchase programs put upward pressure on the fundamentals of the stock price. With both of these forces working in tandem, shareholders can be handsomely rewarded while taking on a reduced amount of risk compared to the overall market.

Personal Finance: What's really a deal?

We live in an age of hyper-marketing. Whether we are aware the change or not, in the last 10-15 years, you and I have experienced an exponential increase in consumer marketing exposure. This change poses a threat to our financial defenses and should be well understood by anyone attempting to improve their current financial position.

If you're going to be an investor, then you must have some form of financial defense in place. Making any amount of money does not mean you can remain or become an investor, if you lack the financial restraint to control your spending habits, then you will never reach a point where you will be any type of serious investor. A spendthrift and his money are quickly parted.

Our present environment presents a greater number of potential financial landmines that we all could fall victim to. If we were to travel back in time to 1994-1995 we would be witnessing the birth of Internet retail shopping. At that time Amazon and Ebay were born. Since then online shopping has exploded. Concurrently, businesses found another channel hawk their "deals."

Technological advances from email to smartphones make us increasingly susceptible to our spendthrift weaknesses. It's not so much that this increase in marketing is bad in itself. Increasingly, the deals that are presented really are deals, but they must be understood within our own personal context.

When you and I are presented with a deal, the deal must be understood in context. First, we look at the deal presented and conclude whether or not the item is a good price compared to our

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historical knowledge of that item's price. This first evaluation is pretty standard and intuitive.

The second way we MUST look at any deal we are presented with is from our own point of view. Is this deal an actual benefit to myself? For example, a few weeks ago a daily deals site online that I frequent had a sale on HDMI cables. The deal was that you could buy a cable for \$1 and not pay shipping. This was a GREAT deal in comparison to what I would pay for an HDMI cable on other sites or in a store. Yet, the offer was not a good deal from my own point of view. I have no need of another HDMI cable and I lack the motivation to turn a few dollars in profit from reselling the item. The cable would have gone into storage and my dollar would have disappeared.

If you are going to develop a sound financial defense, you must be able to thwart buying items simply because they are being sold at an attractive price. The attractive price is only as useful as the item would be to you. What are you gaining from purchasing items that are of not use to you? You're not gaining anything! You're losing money and therefore foregoing the potential return you would have earned if you would have invested that money!

Understand what your needs and wants are when shopping and before buying ask why that purchase is truly of value. Do not allow the incessant stream of flashy marketing ads control your purchasing decisions.

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