

Market Overview

DJIA 12,258.46
-0.49% ▼ -60.16
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S&P 1,399.48
-0.51% ▼ -7.12
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NASDAQ 2,389.25
-0.54% ▼ -13.04
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Seizing Opportunity Investing

By [Gerald Appel](#)

TheStreet.com Contributor

3/12/2007 12:46 PM EDT

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As many investors, who were both lulled and seduced by the performance of the stock market during the 1980s and 1990s, learned as the new century got under way, the American stock market carries risks as well as rewards.

This is particularly the case for investors who lose track of the true values of securities, whose portfolios are relatively nondiversified and who have not become familiar with and do not use opportunities across the investment universe and across the geographic globe.

I wrote *Opportunity Investing* to acquaint readers with the many areas in which to profitably place their capital, to provide to potential investors the information needed to determine when, where and how to take advantage of different investment opportunities, and to offer ways to blend various investment vehicles -- domestic and foreign -- into stable, diversified and profitable portfolios.

In short, *Opportunity Investing* reflects the strategies that my firm employs in the management of client investment accounts, large and small --strategies that rely on certain techniques relating to market-timing as well as to the selection of investment vehicle.

Diversification is a key theme of *Opportunity Investing*. Diversification is the creation of investment portfolios that consist of various forms of investments so that risks are not concentrated in any single area, such as portfolios made up solely of technology-oriented stocks that became so popular just before the crash of 2000 to 2002. That market decline brought down the technology-laden **Nasdaq Composite Index** by more than 77%. (In early 2007, this index still remained about 50% below its peak reading

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in 2000.)

Diversification involves placing portions of investment capital into areas where price movement is not necessarily uniform, so that some portions of your investment portfolio rise in price while others may be just flat or even in decline. The various segments of your investment portfolio are relatively uncorrelated, which means they do not rise or fall in price at the same time. Uncorrelated portfolios, all else being equal, carry less risk and provide more consistent profits than correlated portfolios, or portfolios in which all portions tend to rise and fall at the same time.



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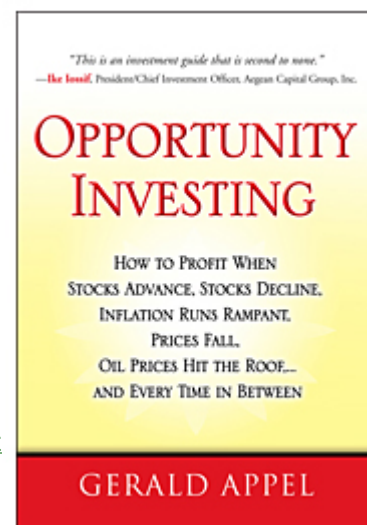
In *Opportunity Investing*, you will learn how to create uncorrelated portfolios of American mutual funds and exchange-traded funds (ETFs), how to employ real estate investment trusts (REITs) to offset technology issues, and how to select real estate investment trusts that really pay as well as collect the rent.

You will learn how and when to employ short-term, safer bonds to provide income diversification and when to employ higher-yielding, longer-term bonds, or even the highest-yielding "junk" bonds, for which this book provides a specific timing model to reduce the risks and increase the returns of these more speculative income instruments.

Investment opportunities are increasingly coming to the fore in rapidly developing economies and markets overseas. *Opportunity Investing* will show you where the most rapid growth is taking place and acquaint you with ways to invest overseas.

It will also tell you which country's markets are most likely to benefit when raw materials are becoming scarce, which move most in tandem with the American stock market, and which appear most uncorrelated with the American markets, making them more suitable for diversification. In recent years, stock markets of many other nations have surpassed the rates of growth and profitability of the American market. Investors who are not taking advantage of informed opportunities in the area have been missing substantial benefits.

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Gerald Appel is a world-famous author and lecturer. A frequent guest on television and radio, he has appeared on Wall Street Week with Louis Ruykeyser and his articles and/or articles about him have appeared in Money magazine, Barron's, Technical Analysis of Stocks and Commodities Magazine, Stocks Futures and Options magazine, Wealth magazine, The New York Times, Forbes, Kiplinger's magazine and elsewhere. He is the founder of Signalert Corp., an investment advisory firm that manages

more than \$350 million in client assets, and he is the author of numerous books and articles on investment strategies, including "Technical Analysis: Power Tools for the Active Investor" (Financial Times Prentice Hall, 2005).

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