REAL WEALTH REPORT

Real Value ... Real Assets ... Real Earnings ... Real Growth

July 2011 *... formerly Silver & Gold Report since 1979* *Issue #87*

Inside ...

Larry Edelson, Editor

The Truth About Asia's Economic Growth!

Inside this issue ...

PART 1 of a full exposé on Asia, including …

- **An exclusive interview with boots-on-the-ground Asia analyst Tony Sagami**
- **Why China's economy is about to rocket higher**
- **How Asia's growth is going to further impact natural resources**
- **Why you must act now to prepare for the next leg up in Asia's stock markets**

Wall Street is so caught up in its own problems and so near-sighted, it's gone brain dead on Asia, again. Especially China.

The arm-chair, stuff-shirted talking heads on the Street and in the Western media think China is about to implode in a morass of bad debts.

They think its economy is going to sink into a black hole and that massive social unrest is about to topple the country, sending it into massive political upheaval.

Meanwhile, Main Street is experiencing its own version of Wall Street's Asian denial act. Mainly because Main Street still tends to unfortunately listen to Wall Street's ignorant prognostications.

And because most investors are merely projecting their fears of the sinking U.S. and European economies on to the Asian world, assuming that since the Western world's foundations are so weak, Asia's must be too.

Look. I would be the first to agree, *if the analysis and biases were true.*

Or if this were 30 years ago and Asia's economies were just starting to emerge and were entirely dependent upon the West.

But we live in a different world today. Old economic rules cannot be relied upon. Linear thinking — such as believing that if the United States catches a cold, so does the rest of the world — doesn't cut it anymore.

Yes, financial contagions happen. When one part of the world goes down, others can too.

But let's be clear. The various economic regions of the world are no longer as closely tied economically as they once were. There is a decoupling going on.

Other parts of the world are no longer entirely dependent upon the West. They are now largely beating to their own rhythms. And none of them are beating as robustly as Asia.

From my technical analysis perspective, I believe …

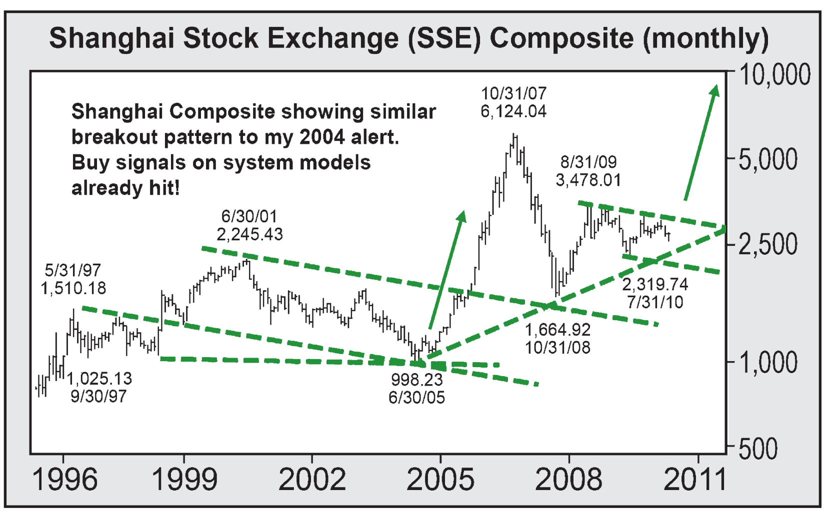
Negative sentiment toward Asia, especially China, is setting up a HUGE buying opportunity.

You know me. I'm largely a technician. I study the charts of just about everything traded. I've learned over the years that reading the technicals can tell you just about everything you need to know about a market.

And what I see in Asian markets is astounding. Negative sentiment towards Asia has pushed most of the region's stock markets down to massively oversold conditions that are about to give birth to a giant new leg to the upside.

The most important of these markets is none other than the Shanghai Composite, China's lead stock market. Its recent chart action reminds me of where the index was in June 2004, when I put out a resounding call to buy into China's markets. In the ensuing four years, the Shanghai Composite soared more than 249%.

You can see the chart here. Notice the angle of the trend channel from the 2004 breakout, when I resoundingly bullish on China — and how similar the current formation is on the right side of the chart. Also notice how from a longer-term perspective, the Shanghai Composite has made a series of higher lows.



Most importantly, my system signals are now flashing a buy on China's stock markets, indicating that a major thrust up is about to unfold.

In fact, nearly every technical indicator I monitor, from cycles to sentiment figures, to short-selling stats and more tell me that China's stock market is about to start exploding higher, again, in a new leg up that could easily be as strong as its initial run higher out of the 2004 low.

This time, however, given the fact that the world remains caught in a financial crisis, I want to be absolutely sure what I'm seeing in the technicals and charts is confirmed by the fundamentals.

So I'm checking in with the best Asian expert I know of, an analyst who not only understands the economic forces at work in Asia, but someone who also is on the ground there, on the front lines. His name: Tony Sagami.

Tony travels throughout Asia nearly 10 months of the year. He is an in-the-trenches guy. He shoots straight, calls it like he sees it, and never minces his words or patty-cakes around.

What follows is a phone conversation we had just before Tony headed off to Malaysia for his current Asian expedition.

Larry: Hi Tony, how are you? I know you're headed to Malaysia, and thanks for giving me the time to discuss Asia in general before you head there. I want to thank you in advance on behalf of my subscribers as well.

Tony: No prob!

Larry: Quick question. Why are you starting this trip in Malaysia?

Tony: Because some of the best investment bargains you'll find are in Malaysia. Its economy is booming, growing at nearly 5%. The Bursa Malaysia just hit an all-time record high, and the economy is just starting on a new super cycle of investment and growth. Foreign capital is pouring into the country.

In fact, all of Asia is about to explode higher. So it's NOT going to be the usual summer doldrums in the markets.

Larry: How so?

Tony: Well, the economies of the United States and Europe, as you well know, are starting to sink into a recession again.

But on this side of the world, though, most people in the West don't know it and are in fact very pessimistic on Asia right now. Asia's economies are growing and consumers are confident and spending money.

The markets in Asia are about to embark upon another explosive leg higher. Just like Malaysia is doing right now. I have no doubts about it whatsoever.

"I'm as bullish on Asia now as I was back in June 2004, just before the Shanghai market started a 249% surge."
— Larry Edelson

Larry: My charts and cycles tell me the same thing Tony. In fact, I am as bullish on Asia right now as much as I was back in June 2004 when I put out a major buy signal on Asia, and especially China. In the ensuing four years, China's Shanghai A shares surged almost 250%.

Tony: I'm not a technician Larry, but I can tell you that your charts and cycles are right on the money. It's too bad Wall Street is in such denial about Asia.

They can't seem to get it right. They can't seem to ever understand Asia, especially China.

And unfortunately, the ones who suffer the most are the investors who consequently don't get the exposure and diversification that they should have these days to truly protect their money and profit from the epic economic shifts that are occurring.

Larry: Give me the lowdown in terms of fundamentals. What is really happening in Asia right now — in China, India and the southeast Asian countries of say, Indonesia, the Philippines, Singapore, etc.?

I think it's important that investors hear it from you, first hand, since you spend most of your time on the ground travelling throughout Asia.

Tony: Yes, getting down in the trenches in Asia is the only way to understand what's going on Larry. It's that simple.

Sure, the Wall Street crowd talks to CEOs and CFOs, but you often learn much more by talking to people on the street, meeting investors, business people, merchants, taxi drivers, housewives, and shopkeepers. If you don't, you can't expect to possibly understand the different cultures in Asia and their common drive to grow their wealth.

I'll tell you this very bluntly: If you think Asia's spectacularly growing economies are headed for disaster, or some sort of "hard-landing" like Wall Street seems to think, think again! Asian economies are now preparing for another huge leg up.

Look. China's GDP will grow at 9.5% this year. India's, at better than 8%. Singapore, at over 5%. Indonesia at 6.2%. Even the Philippines is now taking off to the upside, with better than 5% GDP growth this year.

Those are conservative IMF estimates, which tend to almost always be on the low-side.

Based on what I've seen in all of these countries, I have no doubts that A) Those estimates are indeed on the low side, and B) Asia's rapid economic growth will extend well into 2012 and beyond. Well beyond.

Larry: Two very important questions. The easy one, first. What's sustaining those growth levels?

Tony: In a nutshell, it's the sheer number of people in Asia. Never forget you have 1.35 billion people in China … another 1.15 billion people in India … and another 593 million in the rest of Asia. That's a total of nearly 3.2 billion people, almost half the world's entire population. That's almost one out of every two people on the planet!

And the thing is, across the board, all of those people are emerging out of repressive, feudal and even communist governments, and out of the 19th century, catapulting themselves right into the 21st century — at the same time!

Across the board, from India to China, from Indonesia to Malaysia, from Thailand and Vietnam to the Philippines — entrepreneurism and capitalism is being embraced, heart and soul, by the people and their governments.

Larry: So capitalism isn't dead?

Tony: Of course not! It's taking a hit in the West because the Western politicians are acting more like socialists than capitalists. So the United States and Europe are paying the price. That's all.

Larry: My second question. Why do analysts in the West seem to constantly think that Asia's economic growth is going to implode?

Tony: I'll be blunt. They're delusional. Most analysts and investors in the West simply think the United States is the center of the universe.

When they think of the world, they think of the rest of the world as some sort of foreign place that really doesn't matter much. The Europeans do the same thing. They're ego-centric, and have a fish-bowl view of the world. They can see out, but the most they ever do is understand and invest in the bowl they live in.

So when they feel negative, when their economies are slumping, it's a simple linear thought process that occurs. If our economy is going down, they think, then the rest of the world must be going down too.

At one time, 30, 40, 50 years ago, that was the case. Not anymore. Not with half the world's population modernizing and becoming capitalists. It's a brand new world order and Americans and Europeans better get used to it.

> **"Half the world's population is now modernizing and becoming capitalists."**
> **— Tony Sagami**

Larry: I hear you Tony, and I have been educating my subscribers on the exact same forces you speak of. But now, back it up with numbers. Where is this mega force of new capitalists showing up? Where is Wall Street wrong?

Tony: All over the place. For one thing, don't believe the pundits that say the export engines of Asia are slowing. Through May, China's exports grew 25.5% over last year's.

India's exports are exploding higher, at an annualized rate of an amazing 270%. Indonesia's exports just hit an all-time record high, surging more than 45% in May. Fact is, exports are booming throughout Asia.

Larry: Despite the fact that the U.S. dollar is weakening?

Tony: Yes, and mainly because Asian countries are now exporting not just to the United States or Europe, they are spreading their exports out amongst themselves.

China is exporting to Thailand, Thailand is exporting to the Philippines. Malaysia is exporting palm oil, rubber and cement to China. Indonesia is exporting timber to the rest of Asia. India is exporting services and garments to the rest of Asia.

There's a huge export boom going on within the entire Asian region. They're trading with each other like never before.

Larry: So I presume then that the so-called Asian manufacturing slump that Wall Street is talking about is also wrong?

Tony: Dead wrong. Exports are surging all across Asia, so how could manufacturing be slowing? To the contrary, manufacturing is expanding in China, India, and as I said earlier, in countries like Indonesia.

Malaysia's manufacturing output is expanding at better than a 15% annual growth rate.

Larry: Where else is the growth showing up?

Tony: In my three Cs: Chuppies, construction, and commodities.

Chuppies are Chinese yuppies, the new prosperous middle class with money and they love to spend it. In China, retail sales are growing at an annual rate of nearly 17%.

That spending extends beyond China. In India, retail sales are growing at better than 12% annually. In Singapore, at better than 8%.

> **"My three Cs of investing successfully in Asia: Chuppies, construction, and commodities."**
> **— Tony Sagami**

This is important. It shows you that the consumer is becoming the main driver in Asia's economies. They are no longer just squirreling away every yuan or rupee they earn, they are now spending money driving their domestic economies higher.

Consider auto sales, with annualized growth of nearly 15% in China; 30% in India; 26% in Thailand; and 22% in Indonesia. Heck, BMW almost quadrupled its first-quarter profits thanks in large part to sales in China.

Larry: I was in Singapore a couple of months ago, Tony, and I still can't believe the throngs of people I saw shopping. Orchard Road in Singapore has three Louis Vuitton shops on it and every one of them had a long queue of people lined up. Here in Bangkok, three new mega-shopping malls are being built right in the heart of the city on Sukhumvhit Road.

Tony: Yes, it truly is amazing. Luxury sales in Asia, especially China, are off the charts. Prada, Luis Vuitton, Graff Diamonds, Rolex, Gucci — you name the brand — are all going bonkers in Asia. Luis Vuitton now gets 40% of its profits worldwide from China. Gucci has 40 stores open, just in China.

In five years time, China alone could be responsible for one-third of the entire luxury goods markets.

Larry, the number of millionaires in China is now 1.1 million strong. Their average age is 39 years old — 15 years younger than the average millionaire in the developed economies of the United States and Europe.

And get this, according to the Global Wealth Report, put out by the Boston Consulting Group, 15% of Singaporeans are millionaires. Compare that to the United States — where only 1% of the population has a net worth of more than $1 million.

Plus, the growth in high-net-worth individuals, or HNWI's as they call them — individuals with more than $1 million just in financial assets excluding the value of their homes — is growing at an annual rate of 30% in Asia, almost twice the global average of about 19%.

Like I mentioned before about China's average millionaire-age of 39 years old, it's all largely new money, and money that is starting to be spent like crazy.

> **"The average age of a millionaire in China is 39."**
> **— Tony Sagami**

Larry: But the luxury goods market and all the rich people in Asia can't sustain the region's economic growth, can they?

Tony: It's the rich who drive markets, who create businesses and jobs. That's a fact.

But rural incomes across the board in Asia are also exploding higher. Per capita incomes in rural China are growing as fast as 20%, more than 14% in real terms, after inflation. Per capita income in India is growing at better than 14%.

So we're not just talking about growing incomes amongst the rich in Asia anymore. We're talking real, disposable income growth for more than 1 billion people in China, another 1 billion in India and hundreds of millions in the rest of Asia.

And that's showing up in my second "C" — construction, where most Asians are now getting their first real chance to own private property and put a roof over their heads that are not state-owned. Housing construction and sales are booming all over Asia.

Larry: Is it a bubble? Wall Street seems to think so.

Tony: Heck no. How could the housing sector in Asia possibly be a bubble when there are a few billion people in Asia who have never owned their own home and are now getting the chance, and the income, to do so!

Or how could it be a bubble when the maximum loan-to-value of a mortgage is around 50% — not the 100%, nothing-down mortgages we've seen in the West?

Again, I say the pundits on Wall Street who think Asia's housing markets are bubbles are in complete denial. There's only so much land in urban areas such as Shanghai, Hong Kong, Bangkok, Singapore and the like — and with as many as tens of millions of people moving to cities in Asia, there's no way those property markets are in a bubble.

Not to mention the hundreds of millions in the rural areas of Asia who still need housing. China's already committed to building a minimum of 26 million homes in the countryside in just the next five years.

And China's property values, despite interest rate hikes and other measures to cool it down, continue to rise, with total sales values up more than 26% in the first quarter.

New home construction is rising at a 20% clip, with more than 310 million square meters, or more than 3.1 billion square feet of new homes built in just the first three months of this year.

That's just China. In Singapore, new home sales are rising at better than an 11% clip.

So you have huge demand that's going to drive housing for decades in Asia. And, you have common sense. As I just mentioned, to buy a home in Asia, you must come up with a down payment of about 50% depending upon the country.

And there's no getting a mortgage loan online in Asia. You have to go to your local bank for an interview, and you have to support your income claims with hard proof of savings and a freaking job!

Another thing about the housing boom in Asia. Investors in the West need to realize that all the infrastructure projects now under way throughout Asia — the building of highways, railroads, airports, hospitals, schools, bridges and more — are happening because entire countries are being built out, the groundwork is being laid for new communities, suburbs, cities and towns all over Asia.

Larry: Are you saying that infrastructure spending, fixed asset investment, is not just to stimulate the economy?

Tony: Of course not. That's what Wall Street wants you to believe.

But they're not building bridges to nowhere in Asia, like Japan did in the '90s, going into huge debt to try and revive their economy.

In Asia, they are building for the future. They're building infrastructure to give billions of people new lives with access to homes, mass transit, schools, hospitals, shopping malls, movie theaters, airports and more.

Think of it like the development of the Western part of the United States during the 19th century, when the U.S. population was about 60 million.

Only it's not just happening in one section of one country, it's happening in every country in Asia, and it involves the needs and wants of fully 50 TIMES more human beings than the United States had when it developed its main infrastructure in the late 19th century.

In terms of the money involved, the Asian Development Bank estimates that about $8 trillion will be invested in infrastructure in Asia over the next decade. That's going to make investors who understand it very rich.

> **"$8 TRILLION to be invested in Asian infrastructure over the next decade."**
> **— Asian Development Bank**

Larry: Give us some examples.

Tony: Over the next five years, China's new development plan calls for $1 trillion in infrastructure spending, including 45 new airports and more than 50,000 miles of new highways and 27,000 miles of new high-speed rails.

India is set to spend another $1 trillion, about 9% of GDP, to build out its power grid, water and more than 30,000 miles of roadways.

Right now, you already have huge projects under way. In Bangkok, as you know Larry, the Sino-Thai company is building out the city's sky train and underground subways throughout the city and the suburbs with a 243 mile, $62 billion project.

Singapore is set to double its rail lines to 280 kilometers from 138 over the next nine years.

In Malaysia, $13 billion in road and mass transit projects are now starting.

The infrastructure build out is occurring across all of Asia, even in Vietnam, Cambodia and Myanmar.

> **"Asia's investment in smart grid power will be 50 times that in the United States."**
> **— Tony Sagami**

And then there's Asia's huge leap forward in smart grid power investment. More than $171 billion is going to be invested in smart grids in Asia over the next six years.

Compare that to the United States, where President Obama commissioned only $3.4 billion for smart grid improvements. Asia's investment in smart grid technology is going to be 50 times greater than U.S. investment in modern power technology.

Obviously Larry, all this is going to have a huge impact on natural resources.

Which brings me to my third “C” — commodities. Think of all the cement, copper, base metals, steel, iron, nickel, rubber, you name it, that is going to be needed. Not to mention the rising incomes of the 3 billion people in Asia and their impact on everything from those commodities to food.

Heck, China alone is on track to buy more than 4 million metric tons of corn this year, double what it needed to buy and import last year.

Larry: Yes natural resources remain a no-brainer. But what other sectors in Asia do you like?

Tony: Well, there are several.

I am on the hunt for investments in Asia’s leading infrastructure companies, in Asia’s tech companies, which are now taking the world by storm, and in Asia’s retail sector, where companies big and small are now going public and even franchising their way to profits. It’s a whole new world and there’s tons of money to be made.

Larry: What about some of the recent stock disasters in Asian markets, like Sino-Forest, and allegations of accounting shenanigans? Doesn’t that bother you?

Tony: Every country has its share of Enrons and WorldComs. But the fact of the matter is that those kinds of events tend to occur near bottoms, not near tops!

Consider Enron and WorldCom, which bit the dust in later 2001 and 2002. Had you bought Dow Industrials or S&P 500 then, you would have seen your money grow more than 65% in the following years. Enron and WorldCom occurred at important bottoms, not tops!

It’s like Warren Buffet has said many times: “When the tide goes out, you can see who’s been swimming naked.”

The recent pullbacks in Asia exposed those naked companies. Now the tide is coming back in, and it’s time to buy the fully-clothed companies that are going to shine in Asia’s next leg up.

Larry: Love the analogy. Great contrarian thinking, Tony.

We’re running short on time — I know you to need wrap it up to get ready to fly to Malaysia. So let me bring our conversation full circle, with a couple of final questions: First, can Asia’s governments and policy-makers keep their economies growing, or will they run into financial difficulties?

Tony: I don’t want to sound biased. I am an American and believe the United States will one day come out of its slump. But right now, Washington can’t see the forest for the trees.

On the other hand, the governments of Asia, China included, know exactly what they are doing. They’re very savvy, intelligent, and they have the advantage of not being bogged down by deficits and weak balance sheets.

China has $3.2 trillion in its piggy-bank. India, at least $283 billion. Singapore, $242 billion. Thailand, $176 billion. Even the Philippines has more than $65 billion in its piggy bank.

Meanwhile, China has a budget surplus, through May, of nearly $203 billion. We’re seeing budget surpluses throughout almost all of Asia, compared to deficits at nearly every level of government in the United States and Europe.

One way to determine the health of any economy is to look at tax revenues. If you think China is slowing like Wall Street seems to think, then tax receipts would be down, right?

Well, that's not the case. China's total tax revenues in the first quarter are up an astounding 32.4%.

India's second quarter tax revenues are up even more, 45%. Indonesia's tax receipts through April, the latest data, are up 17.2%. The Philippines' tax revenues are almost 10% over last year.

Tax revenues simply don't grow like that if an economy is slowing!

Larry: Lastly, what would you say to those who think there's a swell of social discontent rising in Asia, like we've seen in the Middle East?

Tony: Of course there are isolated instances of social unrest. There always are. No matter what country you talk about, or what period of development the country is in.

But in general, the pundits who think China or any other country in Asia is going to implode because of a social revolution are just plain wrong. Period.

> **"87% of Chinese are happy with the way their country is going, compared to 30% of Americans who think the United States is headed in the right direction."**
>
> **— Tony Sagami**

All you have to do is consider a recent poll from the Pew Research Center, which shows that 87% of Chinese are happy with the way their country is going. Compare that to a recent poll in the United States, where only 30% believe the United States is headed in the right direction.

Larry: Got it. Thanks Tony!

My Chief Recommendations

FIRST, act on what I'm seeing in the Shanghai market and what Tony is telling you he's seeing on the ground in Asia. Add an investment with broad-based exposure to Asia, NOW.

More specifically, I recommend the **U.S. Global Investors China Region Fund (USCOX),** a fund managed by Frank Holmes and the experts at San Antonio-based U.S. Global Investors Inc.

It invests at least 80% of its assets in equity securities and depository receipts of companies located in China, Taiwan, Korea, Singapore, Malaysia and Indonesia.

The fund is down just over 1.4% year to date, but now is a great time to buy.

Buy 100 shares of U.S. Global Investors China Region Fund (USCOX) at the market. Plan on holding it for the longer term, as a core type of position.

For now, I'll monitor the risk in the position on your behalf, and will alert you if I think you need to make any adjustments. I'll track this position in the "Core Natural Resources" section.

SECOND, use weakness in gold to make sure your gold portfolio is up to snuff!

As I noted in last month's issue, we should see some seasonal summer weakness in the gold market. But it's appearing less likely that gold will get much lower than say, $1,425, especially with Asia about to heat up again.

See the "Core Gold" section of the positions table on page 8 to review. If not on board any of them, buy now.

THIRD, check out the *Real Income* and *Natural Resources Riches* columns for new positions to buy now.

FOURTH, given the critical importance of Asia to the global economy and the real potential that Asian markets are bottoming now and about to explode higher — be sure to attend PART II of my Asia coverage.

Tony will be calling me from Malaysia to fill me in on the opportunities he's hunting down.

Date and time: Thursday, July 21, at 12 Noon, ET.

Format: An online audio presentation

There's no cost. All you need to do is register in advance, so we can make sure we have enough lines and bandwidth to accommodate everyone. You can register now by *clicking here*, or by going to: http://www.uncommonwisdomdaily.com/july2011.

I'll send you reminders with a full set of instructions so you can be sure to easily attend the event.

Natural Resources Riches

Hold URA. Buy The PowerShares Water Resources ETF.

My recommended position in the **Global X Uranium ETF (URA)** is springing back nicely, rising from a low of $11.21 on June 20 to $11.95 as this issue goes to press. This is a longer-term position, so **hold with a protective sell stop good till cancelled at $10.19.**

Longer-term subscribers know my position on water as a natural resource.

I was one of the first to break the news on the brewing crisis in blue gold years ago.

Now the crisis is heating up, with governments on virtually every Continent starting to make the water crisis a major priority, especially Asian governments which are set to spend tens of billions on new water infrastructure.

Meanwhile, the **PowerShares Water Resources ETF (PHO)** is looking like it's ready to break out — and run to the upside. No surprise, it's an ETF that holds some of the top water companies in the world, names such as Pentair, Watts Water Technologies, ITT Corp. and more.

Buy 100 shares of PowerShares Water Resources ETF (PHO) at the market, and place a protective sell stop good till cancelled at $18.23.

By the way, http://www.circleofblue.org is a great web site to track developments in the world's water crisis. You might want to bookmark it.

Resource Speculator

Market Volatility Too High, Even For Me!

Most investors, even most investment advisors and financial newsletter publishers and editors, like lots of action in the markets. Lots of recommendations, in and out. The more recommendations they make, they figure, the greater the chances you'll have to make some speculative gains.

That's ass-backwards in my opinion. You have to know when to hold 'em, fold 'em, and also when to stay out of the game.

Right now the markets — all of them — remain way too volatile for even the most experienced of speculators. Indeed, many of indicators suggest that one would have to increase risk levels to two to three times normal just to speculate in these markets right now.

That means, for example, instead of risking, say 2.5% per trade, you'd have to risk 5% or even as much as 7.5% to get a decent shot at profits.

That kind of volatility and risk is too high, even for me. So for now, let's preserve ammo and instead concentrate on investments, not gambling.

Real Income

Hold SBR For Its 7.5% Yield. Add FAX For 5.6% Income.

Right now, you remain long shares in **Sabine Royalty Trust (SBR)** at roughly $65.10. The share price is looking great and within striking distance of a new high.

Plus, on July 5, SBR declared a cash distribution of $0.40925 per unit, payable on July 29, 2011, to unit holders of record on July 15, 2011. That's equivalent to roughly a 7.5% yield based on our entry price. Sweet!

The distribution is based on oil and gas production for March and April of 39,711 barrels of oil and 576,712 MCF of gas. The company fetched average prices of approximately $102.21 per barrel of oil and $4.30 per MCF of gas. **Hold SBR and maintain a protective sell stop good till cancelled at $58.61.**

Now, I want you to add a new income position, one I'm very excited about. I recommend buying the **Aberdeen Asia-Pacific Income Fund**, a closed end bond fund traded on the NYSE, symbol FAX.

The key features I like about the fund ...

- It's yielding a nice 5.6%.
- It's invested primarily in Aussie, New Zealand, and Singapore dollars, plus the South Korean won, the Malaysian ringgit and the Chinese yuan.
- It's more than 55% invested in sovereign securities of the above countries, the bulk of which are in "AAA" bonds.
- It also holds bonds in top corporates in Asia.

Your first question is undoubtedly, "But Larry, you're bearish on bonds, no?"

My response: I am bearish on U.S. bonds, not sovereign bonds of Asian countries!

Keep in mind Asian-Pacific economies are roaring. As noted in the main article, they are enjoying budget and trade surpluses, tax receipts are pouring in, their currencies are strong, and they are not experiencing sovereign debt crises!

So Asian-Pacific sovereign and corporate bonds are the only sector of the bond market I am bullish on. The Aberdeen Asia-Pacific Income Fund represents a great addition to your income portfolio.

Buy Aberdeen Asia-Pacific Income Fund (FAX) at the market. The actual amount is of course up to you and your individual situation, but I recommend 10% of your funds available for income investments. I will monitor the position and alert you if any changes are needed.

Real Wealth Positions At A Glance

Company Name (Ticker)	Initial Purchase Date	# of Shares	Cost Basis/ Share	Current Quote as of 7/12/11	Current Value	$ Gain/ Loss	% Gain/ Loss	Current Reco	(*What to do if you don't own it*)
CORE GOLD									
Gold Bullion (GOLDS)	05/25/04	12.71	$393.25	$1,567.70	$19,925.47	$14,927.26	298.65%	**Hold**	*(Buy at market)*
DWS Gold & Precious Metals Fund (SCGDX)	05/25/04	106	$10.14	$21.57	$2,286.42	$1,211.58	161.30%	**Hold**	*(Closed to new investors)*
SPDR Gold Shares (GLD)	04/18/05	100	$42.69	$152.77	$15,277.00	$11,008.00	257.86%	**Hold**	*(Buy at market)*
Tocqueville Gold Fund (TGLDX)	09/16/08	55	$30.65	$84.98	$4,673.90	$2,988.15	181.88%	**Hold**	*(Buy at market)*
US Global Investors World Precious Minerals Fund (UNWPX)	09/16/08	141	$11.35	$18.96	$2,673.36	$1,073.01	97.21%	**Hold**	*(Buy at market)*
US Global Investors Gold and Precious Metals Fund (USERX)	09/16/08	177	$10.13	$17.43	$3,085.11	$1,292.10	74.89%	**Hold**	*(Buy at market)*
Goldcorp Inc (GG)	04/19/10	100	$38.84	$52.56	$5,256.00	$1,372.00	36.35%	**Hold**	*(Buy at market; stop at $39.79)*
Allied Nevada Gold Corp (ANV)	05/25/10	100	$18.68	$37.31	$3,731.00	$1,863.00	99.73%	**Hold**	*(Buy at market; stop at $25.87)*
Market Vectors Renminbi/USD ETN (CNY)	12/20/10	100	$40.05	$40.12	$4,012.00	$7.00	0.17%	**Hold**	*(Buy at market; stop at $38.49)*
Yamana Gold Inc (AUY)	04/08/11	100	$12.54	$12.85	$1,285.00	$31.00	2.74%	**Hold**	*(Buy at market; stop at $10.79)*
CORE NATURAL RESOURCES									
Global X Uranium ETF (URA)	05/23/11	100	$12.90	$11.95	$1,195.00	($95.00)	-7.36%	**Hold**	
PowerShares Water Resources ETF (PHO)	**07/18/11**	**100**	**TBD**	**$19.37**	-	-	-	**Buy 100 shares at market; stop at $18.23**	
U.S. Global Investors China Region Fund (USCOX)	**07/18/11**	**100**	**TBD**	**$8.71**	-	-	-	**Buy 100 shares at market**	
SPECULATIVE									
No positions									
INCOME									
Sabine Royalty Trust (SBR)	04/18/11	100	$65.99	$65.10	$6,510.00	($89.00)	-0.33%	**Hold**	
Aberdeen Asia-Pacific Income Fund (FAX)	**07/18/11**	**TBD**	**TBD**	**$7.42**	-	-	-	**Buy at market, using 10% of your available funds for income investments**	

Real Wealth Report — Performance

Original Cost[1]	**$34,321.16**	
Current Value[1]	**$69,910.26**	
Percent Change[1]	**103.69%**	
	RWR	**S&P500**
YTD Total Return[2]	**-1.26%**	**5.53%**
Return[2]	**14.77%**	**17.90%**

Disclaimer: Real Wealth Report is strictly an informational publication and does not provide individual, customized investment or trading advice to its subscribers. Although many of our analytical approaches are unique, they are based on publicly available data; and although analysts may visit specific sites, companies or countries to gain a more objective on-the-ground perspective regarding specific investment opportunities, they do not seek or accept data that's not available to the public. The money you allocate to speculative trading should be strictly the money you can afford to risk. While every effort is made to simulate the actual experience of subscribers, all performance figures must be considered hypothetical. References to examples of past performance are not intended to provide a total picture of portfolio results, and past results are no guarantee of future performance. The table includes all open positions recommended in the monthly Real Wealth Report newsletter or flash alerts. If your portfolio is larger or smaller, you should adjust the specific recommendations accordingly. Entry and exit prices are based on the closing price of the security on the day after it is recommended. [1]Open positions since initial purchase date. [2]Open and closed positions year to date (YTD) and inception to date (ITD). Data Source: Bloomberg. Data date: 7/12/11

Gold Allocation Methodology: For long-term core gold positions, I recommend you allocate up to 25% of your liquid net worth in gold. That allocation should be further subdivided equally into four units: gold bullion, SPDR Gold Trust (GLD), the third unit should be divided equally amongst the Tocqueville Gold Fund (TGLDX), U.S. Global Investors World Precious Minerals Fund (UNWPX) and U.S. Global Investors Gold and Precious Metals Fund (USERX), the remaining unit should be invested in gold mining shares following the recommendations in each issue of Real Wealth Report. These are rough guidelines only, and from time to time, we may vary them, depending upon market conditions. The number of shares of stocks listed above is for track record purposes only. The amount of shares you own is likely to vary.