

HOW TO USE THE GLOBAL CURRENCY MONITOR

FOREIGN CURRENCIES CAN BOOST THE RETURN ON YOUR LIQUID SAVINGS AND HELP SHIELD AGAINST U.S. DOLLAR INFLATION.

In Level Three of our Five Levels of Financial Freedom, we teach the importance of having six months of your gross income in liquid savings at all times. For example, if you earn \$5,000 per month, we suggest that you should have at least \$30,000 (\$5,000 x 6 months) in liquid savings at all times. However, simply having the savings is not enough. Inflation is a constant threat to your financial plan in any modern fiat monetary system. Since the U.S. government can order the Federal Reserve to print money at any time, you better believe that inflation will continue to pose a hazard to your finances. So if you want to dampen the ravaging effects of inflation that causes a loss of purchasing power on your money, diversifying your savings should be a priority. Our savings diversification strategy is known as the Diversified Six-Month Liquid Savings strategy, in short, **DSL Savings**.

The following describes a sample **DSL Savings** strategy. Let's assume that you earn \$60,000 per year. In order to create your DSL savings, you would need to start saving until you have a total of \$30,000.

The DSL allocation would look like this:

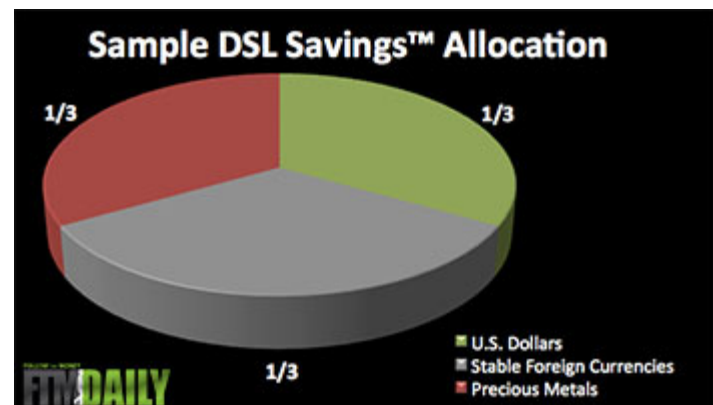
- One-third in **U.S. dollars** (*i.e. savings account or money market account*)
- One-third in **physical precious metals** (*i.e. gold and silver*)
- One-third in **stable foreign currencies**

The first two areas are fairly simple to implement.

You probably already have plenty of U.S. dollars (or your applicable national currency if you do not live in the U.S.). Physical precious metals, as well, are extremely easy to purchase.

However, most investors are unfamiliar with the “ins and outs” of investing in foreign currencies. As such, identifying and executing on the purchase of **stable foreign currencies** is usually the most difficult and misunderstood part of our DSL Savings strategy.

Next, we will address several frequently asked questions about foreign currency investing.



QUESTION #1: HOW DO I PURCHASE FOREIGN CURRENCIES?

There are three ways to gain exposure to foreign currencies.

1. Buy and hold the physical currency – can be expensive and cumbersome to switch your holdings
2. Buy a foreign currency CD – this is a better option than holding physical currency, but the downside is that your principle will be tied up until maturity
3. Buy foreign currency ETFs – this is FTM's preferred method to gain exposure to foreign currencies

QUESTION #2: WHICH FOREIGN CURRENCIES ARE THE BEST TO HOLD?

The answer to this changes as global economic conditions vary. As a subscriber, you always have access to our top currencies within the **Global Currency Monitor** (<http://www.ftmdaily.com/currencyratings>).

QUESTION #3: SHOULD I HOLD THE SAME CURRENCIES FOREVER, OR SHOULD I RE-EXAMINE MY POSITIONS PERIODICALLY?

During times of extreme economic uncertainty, tumultuous market conditions, and unstable national governments, it is best to re-examine your foreign currency positions periodically in order to maintain the best performing currencies within your **DSL Savings** portfolio. With the **Global Currency Monitor**, you have the ability to examine nine different foreign currencies every month for buy, hold, and sell ratings.

QUESTION #4: HOW DO I USE THE GLOBAL CURRENCY MONITOR AS A TOOL TO HELP IMPLEMENT MY DSL SAVINGS?

We use a four-step process, employing the **Global Currency Monitor**, in order to obtain foreign currency exposure within our **DSL Savings**.

STEP 1: DETERMINE THE TOTAL AMOUNT YOU WILL PLACE INTO STABLE FOREIGN CURRENCIES.

Let's go back to our earlier example of a family who earns a total of \$60,000 annually. Their total DSL Savings would equal \$30,000 at all times. Our sample DSL Savings above is broken up into thirds (U.S. dollars, physical precious metals, and stable foreign currencies), so this family would place a total of \$10,000 into stable foreign currencies.

Note that our DSL Savings model broken up into thirds is simply a guide and may not be the right allocation for everyone. It is imperative that you create your own allocation model with which you feel comfortable. You may even want to sit down with a trusted financial professional who is familiar with your financial situation and come up with your own diversification strategy for your liquid savings reserve. The main point in this first step is to determine a dollar amount that will be deployed into foreign currencies.

STEP 2: PICK THE FOREIGN CURRENCIES YOU WANT TO BUY.

Now that our example family has determined that they will place \$10,000 of their liquid savings into stable foreign currencies, it is time to select the currencies. One of the great benefits of being an FTM Insider is that you have access to the **Global Currency Monitor**, where you can view Jerry Robinson's monthly currency ratings for nine different foreign currencies, including the euro, Swiss franc, Chinese yuan, and the Canadian dollar.

It is extremely simple to use with our red, yellow, or green system. Green means buy, yellow means hold, and red means it's time to sell. Below is a sample rating chart for July 2014.



**GLOBAL
CURRENCY
MONITOR**

Foreign Currency Investing... Simplified

JULY 2014 ALERT

Currency	Latest Currency Rating	Last Month's Rating
 Australian Dollar	✓	⚠
 British Pound	✓	✓
 Canadian Dollar	✓	⚠
 Chinese Yuan	✓	✗
 Euro	⚠	⚠
 Japanese Yen	⚠	⚠
 Singapore Dollar	⚠	⚠
 Swedish Krona	⚠	⚠
 Swiss Franc	⚠	⚠

• Each month, FTMDaily monitors nine foreign currencies that can serve as a hedge against a declining dollar.
 The FTM Currency Ratings determines which foreign currencies are used for our Diversified Six-Month Liquid Savings Reserve. Ratings are updated monthly.

✓ = Buy

⚠ = Hold

✗ = Sell

Let's say that our example family wants exposure to the Australian dollar, the British pound, and the Canadian dollar. They would place \$3,333 ($\$10,000 \div 3$) into each of these currencies via an ETF (exchange-traded fund) that tracks the currency. Simply check our ETF list below or check with your financial advisor to determine the best ETF to buy for each of these currencies.

CURRENCY ETF LIST

Symbol	Name	Expense Ratio	Avg. Volume
FXA	Currency Shares Australian Dollar ETF	0.41%	127,082
FXB	Currency Shares British Pound ETF	0.41%	36,092
FXC	Currency Shares Canadian Dollar ETF	0.41%	88,739
CYB	WisdomTree Dreyfus Chinese Yuan ETF	0.45%	40,369
FXE	Currency Shares Euro ETF	0.41%	477,015
FXY	Currency Shares Japanese Yen ETF	0.39%	307,973
FXSG	Currency Shares Singapore Dollar ETF	0.28%	1,202
FXS	Currency Shares Swedish Krona ETF	0.40%	3,676
FXF	Currency Shares Swiss Franc ETF	0.41%	20,827

****OPTIONAL STEP: INSPECT THE CURRENCY ETFS WITH THE TRIGGER TRADE PRO SOFTWARE.****

This step is available to all **Trigger Trade Pro** subscribers and will allow you to analyze the ETF for the optimal time to buy (and later to sell). Simply type the ETF's ticker symbol into the software and check for a short-term Tripwire, Trigger, and Confirmation. If the ETF is nowhere near a confirmed Trigger, then you may want to consider postponing the purchase of that particular foreign currency until the entry is more favorable.

STEP 3: PURCHASE THE ETFS.

Make sure you have an online brokerage account open and funded with one-third of your liquid savings (\$10,000 in our example). This brokerage account can serve for investments and/or stock trading as well. Some of our favorite online brokers include E*TRADE (we currently use this one), Scottrade (have used in the past and liked it), Interactive Brokers, and Trade Monster. It usually takes 5-10 minutes to open the online account, and only a couple of days to fund the account (through electronic transfer).

If you have your brokerage account ready to go, simply execute the buy order for the ETFs you have chosen. You may want to consider placing a stop loss order for each ETF to protect against any unforeseen major losses.

STEP 4: ADJUST YOUR FOREIGN CURRENCY EXPOSURE AS NECESSARY.

Check the **Global Currency Monitor** on the 1st of each month for updated ratings. You can visit the subscribers-only area at <http://www.ftmdaily.com/currencyratings> or simply check your email on the 1st of the month for the latest report.

If any of your foreign currency holdings change color, here's what to do.

- **Green to Yellow = Hold.** The uptrend has flattened into a neutral trend, but it may not be time to sell yet.
- **Yellow to Red = Sell.** The trend has clearly turned downward, and you do not want to put your hard-earned savings through this potentially bumpy ride.

If there are any new currencies with a green rating (and if you have any free cash ready to deploy into currencies), repeat steps 2 and 3.

PLEASE NOTE: IT IS CRUCIAL TO FIND A TRUSTED FINANCIAL ADVISOR WHO WILL TAKE THE TIME TO PUT TOGETHER A *COMPREHENSIVE* FINANCIAL PLAN FOR YOU. THIS ARTICLE IS NOT INTENDED TO TAKE THE PLACE OF SOUND FINANCIAL ADVICE FROM AN EXPERIENCED PROFESSIONAL. JENNIFER ROBINSON IS A REGISTERED INVESTMENT ADVISOR REPRESENTATIVE AND INSURANCE PRODUCER IN THE STATE OF ARKANSAS.