

# *Taipan's* **Retirement Rescue Fund**

*“The biggest risk may be that you outlive your savings”*

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Dear Taipan Member,

You're made a smart decision to enroll in Taipan – because this may be your last chance to guarantee your own success...and survival...in a world that's about to get much worse.

That's why, for the first time in over 5 years, we've relaunched our breakthrough program called the “***Retirement Rescue Fund***.” If you're worried about not having enough money for retirement, or you'd simply want a bigger financial cushion, ***Retirement Rescue Fund*** might be perfect for you.

Started in 1999, this ***Retirement Rescue Fund*** averaged **53%, 357%, 54%, 91%, 28%, 81%, 29.6%, and 84.6%** in all eight portfolios. Now, we're set to repeat these returns. I suggest you take advantage of this situation right away, because all it takes is one bad month in the stock markets to set your retirement goals back 5, 10, even 25 years.

The beauty is – the ***Retirement Rescue Fund*** allows you to have the retirement of your dreams without counting on your employer or Uncle Sam. Any individual investor is allowed to enroll, but it's up to you to take the critical first step.

In this report, you'll find a total of five stock picks covering three market sectors. We feel that adding these picks to your retirement portfolio will quickly turn things around – getting your retirement goals back on track.

So let's get right into it!

## **Retirement Rescue Fund Pick #1:** **Own America's Fastest-Growing Companies for Just \$68.00**

- Imagine having a list of America's 1,300 fastest-growing companies?
- Imagine if all 1,300 of these companies were publicly traded?
- Imagine having all 1,300 of these companies in your portfolio?

Now imagine being able to invest in all 1,300 of their stocks using one simple-to-follow, liquid, and very safe investment vehicle. It could very well be the best investment of your life.

But you don't have to imagine it, because it's real? available to you to invest in right now. It's a relatively new investment asset (launched in 2000), so not too many people know about it. But you'll learn all the details right here, in this special Taipan report.

It's called the **Russell 2000 Small-Cap Growth Index (IWO:AMEX)** — and it's the premier investment vehicle for today's risk-averse speculator

What I mean by “risk-averse speculator” is one who wants to safely play the emergence of new leadership in American business on Wall Street? without assuming the risk of picking individual stocks.

With the market running flat over the past three years, investors want a safe way to beat the major indices by a wide margin. In other words, investors want an investment vehicle that offers high returns, market diversification, and safety.

That's why IWO is your first **Retirement Rescue Fund** pick. You simply can't find a better way to play a basket of 1,300 future Wall Street leaders lumped together in one simple investment. You get the explosive upside gains of the small cap market — with the safety of a broad-based index.

But before getting into further detail about IWO, let me tell you about iShares.

### **What Are iShares?**

iShares are an innovative new class of investments referred to as Exchange Traded Funds (ETF's). What's special about iShares is that they combine the advantages of stocks with the advantages of index funds, all in one investment vehicle.

Like stocks, iShares are liquid, easy to use, and can be traded as much or as little as you wish. They are traded on the American Stock Exchange, the Chicago Board Options Exchange, and the New York Stock Exchange in the same way shares of a publicly held company are traded. It's easy to buy and sell iShares through any brokerage account. They can be traded anytime during normal trading hours, using all the portfolio management approaches associated with stocks (market orders, limit orders, stop orders, short sales, and margin buying).

Like an index fund, iShares aren't shares of any single company rather they're shares of a portfolio designed to closely track the performance of any one of an array of market indices. In the case of IWO, you are buying 1,300 of the fastest growing small-cap stocks on the market, stocks with the highest price-to-book ratios and forecasted growth within the Russell 2000 Index.

The way the IWO Index works is simple. It's a capitalization-weighted index of up to 1,300 stocks designed to serve as a benchmark for small-cap companies enjoying strong growth cycles. Each stock has a certain percentage of net assets within the overall index, ranging from 0.42% to 0.01%.

The companies with the strongest growth cycles get a heavier percentage allocation than the companies with slower growth cycles. But as a whole, these 1,300 companies represent some of the fastest-growing companies in America. In terms of asset allocation, you'll be well balanced within the small-cap sector:

1. Technology 23.64%
2. Health Care 21.50%
3. Consumer Discretionary 20.13%
4. Financial Services 12.67%
5. Producer Durables 7.86%
6. Materials & Processing 4.50%
7. Auto & Transportation 3.46%
8. Other Energy 2.94%
9. Utilities 2.03%
10. Consumer Staples 1.06%

**Buy iShares on the Russell 2000 Growth Index (IWO:AMEX) under US\$70.00, with a 12-month growth target of US\$120.00.**

## **Retirement Rescue Fund Play #2: Own the Berkshire Hathaway of India**

China and India are the hot topics of conversation among international speculators. Maybe it's the combined 2.5 billion inhabitants, who are kind of hard to miss. Maybe it's the penetration of modern-day corporate technology, which is helping bring what should be global commerce leaders closer to their potential. Regardless, these two behemoths have the eyes of virtually every global investor focused on them.

China has been a hot topic for some time. India, on the other hand, has been more of a sleeper. But that's about to change. India's exploding demographic of low-cost, high-IQ, English-speaking brainpower? without question? will have a more far-reaching impact on your investment dollars. Indian companies like WiPro and Infosys are contracting with leading companies in known technology bastions like Japan and Taiwan. American giants like Microsoft and Intel will be opening plants there in the next few years.

In fact, right now you can buy stocks in India at levels not much above their 1994 highs! To put that in perspective, that's like buying the Dow Jones Industrial Average in 1994 for 4,000? a full 6,500 points lower than today's levels! Nevertheless, Indian stocks have

been little changed by the buzz, so we have the opportunity to scoop up bargains relatively cheap before the investment world decides to commit.

These powerful demographics and market statistics are why Michael Moritz, the venture capitalist who made 34,000% off Google, is only investing in companies with business plans involving India. He says, “*We can barely imagine investing in a company without at least asking what their plans are for India.*”

That’s why India — not China — offers you the safest and most explosive investment opportunity in the world. In fact, India’s cheap, brilliant, and highly productive workforce will help it become the first developing nation in history that uses brainpower (not natural resources or raw muscle) as its growth catalyst.

If you’re looking for a safe way to make a ten-for-one return, then you should add this \$10.73 stock to your portfolio. This stock is like owning the equivalent of Ford Motor, US Steel, General Electric, IBM, AT&T, Macy’s, A&P, and General Motors. That’s because this company provides everything an emerging nation needs? cars, trucks, buses, steel, construction equipment, engineering, computer services, electric power, telecommunications, tourism, retail stores, food stores, and food processing.

We’re calling this super-safe \$10.73 stock the “*Berkshire Hathaway of India* ”? But most US investors think they can’t buy it? (they’re wrong).

### **Automotive Explosion**

The company is called the Tata Group — and they’re one of India’s oldest, largest and most respected business conglomerates. Its businesses are spread over seven business sectors. It comprises 91 companies and operates in six continents. The collective group boasts some 220,000 employers and has a combined shareholder base of over \$2 million.

**Tata Motors (TTM:NYSE)** is one of the group’s strongest divisions. It produces over 130 models of cars and trucks for the Indian market. Car ownership is on the rise in India. With 24% growth in car sales in 2004, the country has the highest growth rate in auto sales in the world. Passenger vehicle sales passed the \$1 million-unit mark in 2004.

The Indian car market exploded in 2000 thanks to changes in government regulations aimed at spurring growth in the lagging automobile sector. Now India boasts the hottest automobile market in the world, nearly doubling China’s 13.5% growth rate in 2004.

Tata is among the foremost brands in the Indian auto market. It saw revenues increase 40% last year to \$4.48 billion, while net income jumped 51% to \$318 million. The company’s passenger vehicle sales rose by 28%, outpacing the Indian industry average growth rate of 17%. Tata Motors also boasts a 59.5% market share in the Indian commercial vehicles market, an increase from last year’s 58.5%. Exports rose 38%.

Tata's motors division is India's only fully integrated automobile company? with a whopping 59% market share. Seven out of ten medium and heavy commercial vehicles are Indian. In 2004 revenues, their revenues were \$4.0 billion.

### **Cheap and Ready to Run**

Tata's valuation indicators are quite impressive as well. It has a P/E ratio of 11.6, earns \$0.83 a share, and has a PEG ratio of 0.56. It also pays a dividend of approximately \$0.23 a share. Tata is attractively priced as a value stock, but is expanding like a growth stock. The stock is undervalued and has enormous upside.

Here's the best news about Tata Motors: You can buy it right here on the NYSE with US dollars. You don't have to research for a foreign broker, you don't have to open an offshore trading account, you don't have to deal in foreign currency.

Investing overseas can be a daunting prospect for an investor new to this realm. Reading statements in foreign tongues, currency exchanges, finding a broker who deals overseas? these steps can easily discourage investors wanting to put some capital overseas. But more seasoned speculators know that there are many ways to invest internationally, like buying into one of the many emerging market mutual funds, or buying shares of an ADR.

The textbook definition of an ADR, according to [www.investopedia.com](http://www.investopedia.com) is "*A negotiable certificate issued by a US bank representing a specified number of shares (or one share) in a foreign stock that is traded on a US exchange. ADRs are denominated in US dollars, with the underlying security held by a US financial institution overseas, and help to reduce administration and duty costs on each transaction that would otherwise be levied.*"

This is the best way to buy international companies while being able to realize gains and dividends in US dollars. Though ADRs do not eliminate risk? shares are still subject to currency and economic changes of the native country? they are generally much easier to trade than shares on the resident exchange.

**Buy shares of Tata Motors (TTM — NYSE) at Market. Current stock price is \$10.65. We project shares to trade for \$30.00 by June 2006.**

### **Retirement Rescue Fund Play #3:**

*" A Guaranteed Growth Market"*

Consolidation opportunities, strong earnings potential, steady dividends and increasing institutional investment are just a few good reasons to invest in water stocks.

Over the last 10 years, the water industry has been through a major consolidation. Not long ago, you had 21 publicly traded water utilities. Today, you have a dozen. And the consolidation is far from over. New environmental regulations should create economies of scale for larger water companies? benefiting from rising rates as they pass that spending onto customers.

Absorbing the spending increases has very low risk. After all, there really is no substitute for water. Combine water's non-stop demand with only a select few water stocks to invest in, and you've virtually guaranteed to have a successful investment. Michael Gaugler, an analyst at Boenning & Scattergood says water is "a guaranteed growth market."

Tim OBrien, senior portfolio manager at Evergreen Investments, says "Only about 15% of the U.S. water industry is investor-owned — (and) as a result, there is a scarcity value to the small and dwindling universe of publicly traded investor-owned water utilities."

Thanks to new E.P.A regulations in 2010, some 54,000 community water systems will be forced to spend millions on infrastructure improvement — so it's easy to see why the sector is such a strong investment. Guaranteed demand and a coming spending spree (combined with massive consolidation and a limited amount of investing choices) makes for a strong, stable, and over-achieving longer-term investment thesis.

There are three water stocks we'd like to recommend. We've chosen three stocks with the most stability — highest market/cap — and best prospects for steady, streamlined growth.

### **Water Stock #1: American States Water Co. (AWR - NYSE)**

American States Water Company, through its principal subsidiary, Southern California Water Company (SCW), engages in the purchase, production, distribution, and sale of water.

As of March 31, 2005, it served 251,715 water customers and 22,675 electric customers. AWR also provides water and wastewater services, including billing and meter reading, water marketing, and the operation and maintenance of water and wastewater systems to various municipalities, the U.S. government, and private entities.

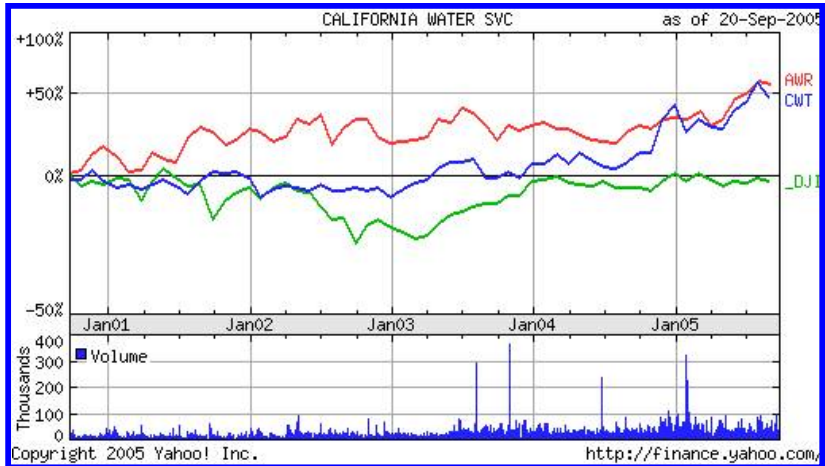
#### **AWR's Vital Statistics**

Market Cap (intraday): 517.63M  
Enterprise Value (21-Sep-05)<sup>3</sup>: 812.92M  
Trailing P/E (ttm, intraday): 25.12  
Forward P/E (fye 31-Dec-06) 1: 21.42  
PEG Ratio (5 yr expected): 5.40  
Price/Sales (ttm): 2.28  
Price/Book (mrq): 2.08

### **Water Stock #2: California Water Service Group (CWS)**

California Water Service Group (CWS), through its subsidiaries, provides water utility and other related services in California, Washington, New Mexico, and Hawaii. CWS provides its services to approximately 2 million people in 100 communities.

As you can see from the chart, both AWR and CWS have out-performed the Dow in a big, big way. We fully expect these gains to continue.



**Vital Statistics:**

- Market Cap (intraday): 710.19M
- Enterprise Value (21-Sep-05): 989.79M
- Trailing P/E (ttm, intraday): 31.40
- Forward P/E (fye 31-Dec-06) 1: 22.34
- PEG Ratio (5 yr expected): 5.54
- Price/Sales (ttm): 2.33
- Price/Book (mrq): 2.51

**Water Stock #3: Suez (SZE - NYSE)**

Suez engages in the development, design, implementation, and operation of public utility systems and networks worldwide, principally in Europe and in North America.

As you can see from the chart, SZE has also out-performed the Dow by a wide margin.

SZE operates in two primary segments, Energy and Environment.



- The Energy segment operated approximately 200 power stations in 31 countries.
- The Environment segment supplies solutions for water, sanitation, and waste to industrial and individual customers.

As of December 31st 2004, SZE operated 53 incineration plants in France, the United Kingdom, the Benelux countries, and Taiwan. It also operated 186 landfills, primarily in France, the United Kingdom, and Brazil.

### **Vital Statistics**

Market Cap (intraday): 29.16B  
Enterprise Value (21-Sep-05): 43.84B  
Trailing P/E (ttm, intraday): 13.02  
Forward P/E (fye 31-Dec-06) 1: 13.67  
PEG Ratio (5 yr expected): 0.77  
Price/Sales (ttm): 0.57

## **Retirement Rescue Fund** **Summary**

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### **Retirement Rescue Fund Play #3:** **"A Guaranteed Growth Market"**

Water Stock #1: Buy American States Water Co. (AWR - NYSE)

Water Stock #2: Buy California Water Service Group (CWS)

Water Stock #3: Buy Suez (SZE — NYSE)