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Financial *focus*

ADDRESSING THE NEEDS OF OUR CLIENTS AND PLANTING THE SEEDS FOR A SECURE FUTURE.

Kissinger Investments, LLC is a registered financial advisor firm located in Clearwater, Florida. Our services include wealth management and retirement planning. Please visit our website at www.KissingerInvestments.com

Contributing to your Individual Retirement Account

Individual retirement accounts were established by Congress to incentivize individuals to contribute to their retirement savings. Contributions to a Traditional IRA may be tax-deductible depending upon an individual's income, tax-filing status and coverage by an employer's retirement plan. Withdrawals from a Traditional IRA are taxed as income. Contributions to a Roth IRA are not tax-deductible, but withdrawals in retirement are usually tax-deductible. Transactions and earnings inside either type of IRA is tax-exempt. An IRA can only be *funded* with cash or cash equivalents. Attempting to transfer any other type of asset into the IRA is a prohibited transaction and disqualifies the IRA from its beneficial tax treatment. (Of course, rollovers, transfers, and conversions between IRAs and other retirement accounts can include any asset.)

The maximum for an IRA contribution in 2006 is \$4,000 for an individual under the age of 50. Individuals aged 50 and older can contribute up to \$5,000. Keep in mind that this limit is for Roth IRAs, traditional IRAs, or some combination of the two. **You cannot put more than \$4,000 into your Roth and traditional IRA combined.** If you are 45 and put \$3,500 into your traditional IRA this year so far, you can either put \$500 more into your traditional IRA or \$500 in your Roth IRA.

Most types of securities can be held inside an IRA, although IRA custodians generally set limits on what can be held. Real estate can be held through investment in a Real Estate Investment Trust (REIT) or directly via a self-directed IRA.

Remember April 15th is the last day to



to contribute to your Roth or traditional IRA to count for a 2006 contribution. Make sure to write on your check "2006 CONTRIBUTION" to ensure there is no confusion with your custodian as to which year the contribution is to be applied.

If you have any questions, please contact your financial advisor.



MARKET WATCH

Overall, the market produced its best returns since 2003. Here is a summary of various index returns for 2006. International followed by small cap produced the best returns for 2006.

Index	Description	2006 Returns
Dow Jones Industrial Average	30 Actively traded Blue-Chip comp's	16.29%
S&P500	500 Largest U.S. Companies	13.62%
NASDAQ Composite	All NASDAQ stocks	9.52%
Russell 2000	Small cap stocks	17.00%
Lipper International Fund	Avg return of all Int'l mutual funds	25.89%



China's New Growth fosters increased consumer purchases and requires spending in information technologies, oil and oil services. Additionally, China is hosting the 2008 Olympics and the construction industry is booming. Thus, we recommend focusing on these three segments within China:

Investing In China's New Growth

The U.S. Gross Domestic Product (GDP) is growing at 2.5% per year, while China's GDP is growing at 10% per year. How can you take advantage of that?

For centuries China stood as a leading civilization, outpacing the rest of the world in the arts and sciences. But in the 19th and early 20th centuries, the country was beset by civil unrest, major famines, military defeats, and foreign occupation. After a failed communist government, China began in the late 1970s to decentralize their government and to become a more market-oriented society. Reforms still continue, but China has made great progress in the past thirty years. China has 1.4 billion people and what do they want? In a nutshell, they want everything Americans already have including cell phones, internet access, automobiles, domestic and international travel, good medical care and toys, especially "toys" for

grown-ups! There are several ways you can invest in China. One is by purchasing iShares FXI Exchange Traded Fund, which was up 80% in 2006. Another way is to invest in PowerShares Golden Dragon Halter USX China Portfolio (PGJ), which was up 51% in 2006. This fund is comprised of companies listed in the United States which derive a majority of their income from China. But, we do not recommend buying either one of these funds at this time. FXI has a high percentage of assets invested in "old" China companies, including several state-regulated banking facilities, while PGJ is invested in several micro-cap companies that raise your risk level unnecessarily. Because of the high Chinese stock returns in 2006, expect a

volatile ride in 2007. To minimize volatility and risk, we are "picking our spots" in China. So, what we recommend is investing in a handful of Chinese companies whose shares are traded on the American exchange through ADR & ADS. This helps limit your risk and still allows you to participate in China's spectacular economic growth.

Some of our favorites include Focus Media (FMCN), who dominates advertising via flat-panel displays, and Baidu.com (BIDU), China's "Google-like" internet search engine.

We are recommending that most clients increase their portfolio weighting in international stocks, especially those in China, India and Brazil. For more information, please contact your financial advisor.

Information Technology

- SOHU
- ACTS
- TOMO

Oil and Construction

- SNP
- CEO
- PTR

Consumer Discretionary

- FMCN
- CTRP
- BIDU



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