depends on its policies'

those with the more cash, commodities and creativity.

Q. What are the new growth areas in terms of sectors that could fuel growth?

Global commodities. And, they include oil and gas, metals and agricultural products. Although we are likely to see periods of volatility, I see a general bull market trend overall. In particular, the growth is tied into the emerging markets with strong supply and demand factors. As the emerging nations develop their economies, they have an enormous demand for components of a modern economy including better food, more fuel, shelter, infrastructure and telecommunications. Commodities have shown a high correlation to inflation, especially in high inflation periods. In addition to diversification, the commodities asset class may also protect investment portfolios against inflation or a declining local currency.

That being said, despite my bullish overall outlook, there are several key risks to commodities going into 2011 that must be monitored. Risks to recovery and commodities demand include rising interest rates in China to combat inflation. In the US, the risks are the failure of the new round of quantitative easing, and spending cuts by the US state and local governments.

In EU, the re-emergence of a debt crisis, and not to forget crude oil could easily hit three digits, especially if the war lobby has its say in the US and if we see political instability in the Persian-Arabian gulf region. Added to that, the dangers of policy-making errors that could allow protectionism or price controls to infringe on the marketplace.

The other investment risk variable with commodities is Mother Nature.

At International Institute of Management, we do not sell investments; we sell knowledge to help you make better investment decisions, so it's always important to fully understand the performance variables, benefits, and risks of each investment and why you'd want to add them to your portfolio in amounts that fit your risk appetite.

Unlike other investment bankers and experts, I classify this high volatility class of assets as a speculative investment, although I would invest in them, I would keep their share of the portfolio to minimum.

Q. What about gold and other metals as investments?

Lately, everywhere I travel, I get asked about gold and gold equities, this has the same feeling about Real estate in 2006 and 2007. In my opinion, there is still room for growth in gold prices in 2011. Only about 1% of all global assets are in gold, and gold is trading right in line relative to its historical relationship with other industrial commodities and precious metals.

The important thing about gold is that it is the only commodity that is a currency. Gold is likely to become an even more important part of an international currency. Although the US took the dollar off the gold standard in 1971, the US is still the largest owner of gold in the world for a good reason. Most other central banks hold gold in their foreign exchange reserves.

One of the reasons that led to spike in gold prices over the past two years is that the central banks of countries such as China, Russia and India, have all increased gold as a component of their foreign exchange reserves.

Add to that, the consumer and investment demands driven by gold traders and the media blitz exaggerating the impact of the crises and the demise of the US dollar around the world. Since the gold asset class is one of the most volatile asset classes, keeping it to minimum in your portfolio is likely to shield you from that volatility. To me, gold belongs to a speculative investments class and should be kept to a minimum share in long-term investment portfolios.

I will share with you an unscientific yet significant tip that works for me, whenever several regular individuals or taxi drivers start giving you investment tips about real estate, stocks or gold, it is a sign that you already missed the right entry point and the asset is hot. Although there is still a room for growth in the price of that asset, the rate of upside growth is limited compared to the downside.

The trick to making money in investments is to buy an asset before it becomes too popular. You buy low and sell high, you do not buy high and hope you will sell higher. So, if I'm a passive investor, I would not favour buying gold at this time, however if I'm an active trader who monitors the price of gold in real time, then it does make sense to add it to my trading portfolio in 2011.

Q. What assets would you invest in?

In general, the stock of industries, materials, trucking, machinery, and coal could benefit substantially with the global economic recovery, but I never invest in indexes or sectors funds, I would only invest in specific companies. In my opinion, selecting the right company after detailed research is the only valid investment strategy, the rest is simply speculation.

Over the last two years, many companies have improved their cost structures and maximised their manufacturing and operational efficiencies that resulted in higher profit margins, healthier balance sheets, and more cash flow and the best thing is that many of them have depressed valuations because of the investors flight to bonds and gold investments. When the investment rotation cycle comes back to stocks, the shares of these firms will rocket upwards.

I prefer multinational companies with more diversified sources of income and who can benefit from the emerging markets and their investment in energy, industrial and transportation infrastructure.

With the growth of China and India and their resulting demand on the energy supply, a new demand will be created for energy efficient products all over the spectrum, including lighting, air-conditioning, power plants, and engines.

As for transportation, I see an increased demand all over the world, especially in China and India. The Indian Tata Nano car, the cheapest car in the world costing less than $3,000 will impact not only transportation and infrastructure, but will send oil prices higher.

Do not forget agriculture companies in emerging markets, with growing populations and development, there is higher demand to improve their diet (mainly protein) and the overall well-being of their populations.

Also these are good investments hedged against inflation. In US too, agriculture demand is increasing due to the mandated use of corn-based ethanol in gasoline. And, as farmers plant more corn, supply for soy and wheat can get tighter, thus raising the prices further.

I also like some of the undervalued secular (long-term) stocks, that is the stocks of companies experiencing structural changes in demand for their products and services that will allow them to grow at rates faster than the broader technology sector.

I like the LCD glass manufacturing, smart mobile and multimedia companies. The rise of smart mobile use and Internet video use will increase the demand for higher telecom bandwidth and networking gear investments.

I look for relatively undervalued companies with early product penetration that will result in superior growth. It is important to remember that the only valid investment strategy is to be highly selective about your target markets and companies. For example, investment in IT and software businesses in the US is less likely to provide higher returns because the market has entered the maturity stage. On the other hand, investment in banking software in China can make you rich, especially in less developed cities because they do not have automated software and still rely on manual process, calculators and other basic tools, so there is a huge demand for IT automations.

As for oil, in the short term, I expect the price to cross $100 and in the mid-term, I would not be surprised if we go back to $140. This will reflect well on the oil stocks and oil producing economies.

Unless we discover massive new reserves and increase production dramatically over the next few years, oil will keep breaking new records.

The same for Natural Gas, but again you have to be selective about where to invest. Unfortunately in the US, we do not have enough production facilities for natural gas liquefaction plants, and producers need liquid natural gas (LNG) facilities to put it on boats and export it, so Qatar and other natural gas exporters will benefit from the growth in global demand.

The coal prices will move up with more global development.

As for alternative energy, I'm monitoring nuclear and solar energy technologies, they will pick up steam when the oil price go beyond $150 and/or they manage to develop new game-changing technological innovation that makes them a commercially viable alternative to traditional energy plants.

Government's subsidy funding in R&D can accelerate the development and commercialisation of these technologies.

As for Bonds, some of Middle East bonds especially in Qatar and Abu Dhabi may offer good values.

When it comes to currencies, I like the Malaysian Ringgit (MYR) and Korean Won (KRW) against the US Dollar (USD) on strong growth, balances, and attractive valuation. The main risk for KRW is war with North Korea. I'm also bullish on Indian Rupee and Chinese Yuan, despite their volatility in the short term.

> "My main concern is that the recovery was created by an accounting trick; they took the bad assets off Wall Street and put it on the government's balance sheet. It is merely a psychological trick to rebuild confidence in the financial markets. It worked!"