

Where to Invest \$1 Million Right Now

Four investment experts share where they see the best market opportunities.

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With money market funds yielding about 5% and questions mounting around whether mega-cap tech stocks can continue their run, investors are rethinking how much of a reward they want for taking risks in their portfolios.

Taking some profits off the table from investments with big, long-term gains can make financial sense. But it also presents a dilemma: If you want to use some of that cash to find investments with growth potential, where do you turn?

While some of the experts who shared their best ideas with Bloomberg News like short-term Treasuries yielding 5% or more for part of a portfolio, they also see opportunities – albeit with more risk – in Korean banks, master limited partnerships and the European energy sector.

When investment pros were asked how they'd personally deploy \$1 million, assuming they'd already made charitable donations, the trend was clear – three of the four focused on real estate, whether that meant buying a remote cabin to reconnect with family, purchasing a vacation home in a country where real estate is more affordable than in the US, or investing directly in one's own home.

Before plowing more money into markets, it can pay to review how your finances and portfolio are positioned, and tweaking if needed. For tips on how to make sure your financial foundation remains strong, take a look at [The 7 Habits of Highly Effective Investors](#).

Consider Korean Banks

The idea: Korea is a promising opportunity for investors, particularly in the financial services sector. The larger trend in this country and this sector is a movement toward loosening government restrictions on returning capital to shareholders. I believe



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there's a chance for the share prices on some Korean banks to double over the next 18 to 24 months – and still be valued at similar or even lower valuations compared to banks in other parts of the world.

The strategy: Two companies that look promising are Korean banks KB Financial and Hana Financial. Normally when a bank sells at a 60% to 70% discount to book value, it is suffering from poor asset quality. That's not the case in Korea, where loan growth has been low, so it's not prone to the classic lending bubble during an overheated period. Mortgages are lent at conservative 50% loan-to-value ratios.

Investors have worried that management will do something silly with the excess capital banks have. Won't they look for growth through overpriced acquisitions? Or take on too much risk to accelerate growth? Or, will the government force them to use capital in a way unfriendly to shareholders, in lending to weak industries to support export growth? The difference is that today, the industries that drive export growth are very healthy and the risk that banks will be asked to do something like that is a lot lower.

In this cycle, banks have gone to bat for shareholders with the government in asking for the ability to return excess capital through dividends and share repurchase. While the government told them not to return capital during the uncertainty of the Covid crisis, there are signs it is becoming more comfortable with bank capitalization. KB, for example, just announced a share repurchase program.

The big picture: Korea's population ranks in the top 10 on literacy and math education, and its companies have dominant positions in important industries like semiconductors and auto production, including production of batteries for electric vehicles. Korea's economy will continue to be driven by its increased share of trade and the benefits of its strong education system, and that will help domestic income and consumption. The three largest Korean banks control 70% of the loan market and are very focused on loans to consumers and small businesses.

Alternate idea

I'd fly to the Philippines. In the last couple of years, new highways have improved the ability to move around the country. You can land at the international airport and be in world-class scuba two and a half hours to the south on the main island of Luzon, in the city of Anilao. Of course, the world-class beaches and resorts in the outer islands of the country, such as Palawan, are fabulous. But if you are in Asia and have time only for a long weekend, a quick trip to Anilao is now possible. I might buy some art while in the region – my husband opened a Filipino restaurant in New York City about 10 months ago, and the walls are covered with art from Filipino artists.

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