

# European Madness

20% of Nestles business is Europe, 30% in the US, the rest are in emerging markets. 34% of Givaudan's business is in Europe, 26% is in the US, the rest are in emerging markets. 46% of Swatch's business is in Asia. 30% of LVMH's business is in emerging markets and Japan. 20% of Carrefour's business is in emerging markets. Nearly 40% of Telefonica's business is in Latin America. Over 30% of Bayer's business is in emerging markets. 17% of Siemens business is in Asia. European companies are emerging market plays. Yet they are being sold down on European macro risk.

55% of Yue Yuen's revenues are from US and Europe split evenly. (They make Nike, Puma, Adidas). 93% of Li & Fung's business is from US and Europe. Look at the market cap representation of the HK and China stocks. They are mostly oil and gas which are highly levered to oil prices, banks which hide an uncertain amount of non performing assets, and resource companies which are levered to the underlying resources. Domestic plays are scarce. Power companies, transport and infrastructure are available. The true domestic consumption plays are small and micro caps.

But we sell down Europe.