

# Zen and the Art of Investing

## 2nd Quarter -2008

As we passed through the first half of 2008 the market news seems filled with doom and gloom. And each day as we drive by the gas station we are reminded that gas prices are at an all time high. We turn on the news, read the paper, look at the Internet and are bombarded with bear market terrors. Once again our emotions are being pushed to the max as external sources are raising our level of fear and driving up our emotional need to react. Our Western upbringing creates an urge to respond now before it is too late.

Here is where we need to take a lesson from Eastern philosophy. Instead of looking to outside sources to determine our level of anxiety we need to tune out the external world and look within for calmness and inner peace. Yet I am not advocating that you sit in a corner and contemplate a Buddha until you reach calmness about your investments. For those of you who saw me on the CBS evening news with Katie Coric; or heard me on WCBS last week I am not seriously suggesting that you take prescription medication to help you mellow out. I am just suggesting that you need to look at your personal goals and what you accomplished over the last year and separate yourself from the surrounding noise. It is necessary to seek personal solace in what you have achieved and how your personal returns compare to the nonstop media coverage of the market.

That is not to say the markets have been good over the last 12 months; both the Dow and the S&P 500 have had more than a double-digit loss. Over the last year the subprime mortgage mess, the credit crunch, the near failure of Bear Sterns, have caused many of the smartest investment minds in the country to be crushed. In fact if you invested \$100,000 (\$10,000 each) in ten of the biggest names in the US market names such as Exxon, Apple, GE, Wal-mart, Citibank, AIG, Pfizer, Microsoft, GM, and Kraft your investment would have lost 24%. These are some of the biggest and oldest companies in the US. Most of these companies are held by some of the best institutional money managers in the world. Even the best have lost a lot over the last year.

What does this have to do with you? Well when you look at your quarterly report and see the 12-month graph you need to think what we have accomplished in such a volatile period. Take a deep breath and contemplate why you have chosen us to manage your money. Remember our long term goals and our philosophy: you make more money in the long term by losing less in a down market than by taking big risks in a rising market. Look at your report and speak to us about whether or not you have chosen wisely for your financial planning advice. If you feel that the answer is yes relax and calm your mind. If not please call and come in for a review of your overall portfolio and financial plans so together we can see if we could have better met your goals.

Remember your investments are not an end to themselves they are only a tool to help you achieve your long-term goals. The media will always overplay the market's swings as they make for better news. What happens today or tomorrow, this week or next, is unpredictable and impossible to foretell. Seeing through the veil of media generated fear and making sure that you are centered on your long-term goals is the only way to achieve Zen investing. If we can approach this correction with a Zen calmness then we might be the ones who can potentially capitalize by participating in the recovery that has historically come rather than regret that fear and greed have driven our choices.

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