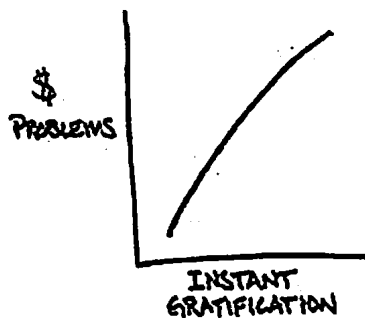


Investment Tip of the Month

I keep vacillating between impatience and emotions as to the real reasons many people do not make money with their investments. Investing is a long term endeavor. It is the turtle and not the hare. Like the turtle, you must stick out your neck and take some risk but there needs to be a return premium for the risk you take. Some people believe that just by increasing risk they will increase return. Not true. Buying "penny stocks" is very risky but in my opinion it is not worth the potential reward because there is no return premium. Standing in the middle of the golf course with a raised nine iron in the middle of a thunder and lightning storm is very risky and without any reward I can discern. Risk in a portfolio cannot be eliminated but it can be alleviated with the use of diversification, asset allocation and rebalancing. Statistics show that risk, that is variation from the expected return of a portfolio, is reduced the longer we stay with the portfolio provided we stay diversified and rebalance.

Someone recently said to me that successful investing is easy but human nature works against us. We are impatient and want instant gratification. We want our portfolios to grow 10, 20, 30% a year and in the late 1990s that did happen. It did not happen in the first decade of the 21st century. People jumped on tech stocks in 1998 & 1999 and got burned in 2000. Some bailed out of the market as a result to the debacle of 2008 but missed the upturn of 2009 and 2010. A true investor will be neither impatient nor emotional with their investments.



The Bonus of the Month

The Bonus of the Month was written by Nathan O'Bryant, a colleague of mine. He sent out the attached article to his clients and I thought you would enjoy his comments. Nathan and I agree "the market" is properly priced at any time. The price is based on all known and knowable information and only unknown and unknowable information will change prices when they become known. No one can successfully predict the future. If you flip a coin ten times and it comes up heads all ten times, the probability that it will be heads an eleventh time is only 50%. The odds are the odds. Past performance is no guarantee of future results is a truism whether taking about investing or flipping a coin.



"I still worry about money."

In Closing

Here's wishing you a 2011 filled with;

Blue Skies
Green Lights
A Successful Portfolio

Thank you for the opportunity to help with your investments. Referrals are appreciated!!!