

Investment Advisory Newsletter
August 2008

Dear Client,

The past three months of May, June and July have tested the resolve and patience of investors. May was actually quite good with the overall market rising 2.7% and luring us into somewhat more assertive investments. This was promptly punished with June results falling 7.3%, including real estate down 13.1% and financials down a whopping 16.6%! July followed with the market falling 1.9%, but that masked individual sector results which were very jumbled. Real estate, which had fallen 13.1% in June, rose .3% in July; Financials, which had fallen 16.6% in June, rose 4.2% in July; and at the same time, energy funds, which had gone against the grain and risen 3.2% in June, fell 14% in July.

What is a person to do in these market conditions! One of the cautions would be to stay more conservative, with more funds in cash and fixed income investments, if we knew precisely when all of this would happen. Since we don't, the goal is to maintain a substantial portion of your portfolio in conservative holdings. A second lesson has always been not to sell when the market is low and then, in turn, buy later when the market is high. Accordingly, for most positions we simply hold on and see this on through. Third, historically, these bear markets have been precursors to a future rising market. While this has eventually always been the case, in some cases it has taken longer than at other times. Once again, "If you want to ride the train to recovery, you need to be at the station when the train leaves" – in other words, we need to remain invested even through these difficult times.

So far in August, the markets are up 2%, offering hope to this strategy.

This was not the newsletter I hoped to write three months ago. We will continue to seek investment positions and investment results that will meet your long-term financial goals while keeping risk commensurate with your returns.



As always, if you have any questions regarding your financial or investment affairs, please call me at any time.

~ Roger D. Werner