

Investment Advisory Newsletter

August 2009



After a horrible recession in 2008 the markets have reversed and gained considerable ground in the past quarter. Hurray! In the past three months of May, June and July the average stock funds have risen 15% and the average fixed yield funds have risen 5%. If your portfolio is evenly balanced between these two, you should have seen an increase of approximately 10% in this period. Leading the recovery were the international funds, coming back 24%, in part because they had fallen so much further in 2008. Once again it has been proven that in order to get the gains on a recovery, investors need to be invested before the recovery returns. This means holding onto your investment positions in spite of the falling market. For those investors who invested into more conservative investments during the recession, now appears to be the time to roll out of these safety nets and return to a more balanced portfolio.

One of the more dramatic observations that I have noted during the past recession and now incipient recovery has been the gripping psychological effect that the recession has had on investors. It has often been said that investing is a tug-of-war between fear and greed. At the moment fear, having been so imbedded in our minds, what with two recessions this decade and a truly scary recession last year, has been overly dominant. Hopefully as the economic turmoil moderates, equilibrium can ease back into the market place to some measure, allowing us to return back to positive returns for our investments.

Whenever you have any thoughts, questions, or issues regarding your investment matters, please call me. I am available whenever it is needed.

Roger D. Werner, CPA