



**ON THE HORIZON...  
NEWS, NOTES, AND COMMENTARY  
FOR CLIENTS AND FRIENDS OF THE HORIZON GROUP**

March 4, 2009

**HOW ARE *YOU* DOING?**

My wife Sue is a poster child of responsibility and appropriate behavior. She's always reminding me about the example I'm setting for our kids. It's hard for me to picture her as the typical impetuous and angry teenager. Yet her mother affectionately tells a story of Sue when she was a not-so-sweet sixteen. One day Sue was showering when her mother made a point to come into the bathroom and remind her she wasn't going out because she was grounded. Her response was to hurl a shampoo bottle which just missed hitting her mother in the head. This just added to her time under "house arrest".

Do teenagers really mean all the awful things they say when they lash out at their parents? Of course not. Even great kids go through a stage when their emotions get the best of them. And who can blame them? It's an exciting and scary time when they're setting out on their own and charting a course for their future. Yet teachers, coaches, and parents are all imposing their will and limiting freedom at the very same time. Often the frustration boils over and is directed at the people they need most.

Today's retirees are much like those teenagers – charting an exciting new course in life with high hopes. They've done what's expected of them, worked hard, and look forward to absolute freedom once and for all. But many of today's retirees feel anger and frustration instead. Anger that forces beyond their control have battered their life savings and diminished their income. Anger that companies they loyally served are breaking promises about insurances, pensions, and healthcare. Frustration that the government seems interested in helping only irresponsible people, while most of us sacrificed and did the right thing. It's just not fair. Underlying all this highly charged emotion is fear caused by a downward spiral that seems indefinite and hopeless. I get it.

I'm asked at least a hundred times a week, "How are you doing?" "Are you holding up through all this?" The truth of the matter is that it has been pretty tough. I'm invested like you are – actually, I've probably lost a higher percentage because I'm younger and invested far more aggressively. I've also been forced to make a number of difficult business decisions, including cutting salaries twice and letting some great part-time people go. But the hardest thing for me is watching some of the reactions and self-destructive behaviors in response to this crisis come from a client base I have nurtured and grown to love over the past 22 years.

A small sampling of my interactions with clients\* this past week included John who folded a vacation with three days left to go because he and his wife were so upset about the market. Charles was another who called to tell me he was cancelling a spectacular 45<sup>th</sup> anniversary trip because he just couldn't get past seeing his account down over \$250,000. And Martha, a wonderful woman who summed it up best when she said of her husband, "He's letting the bad days ruin the good." I would completely understand this behavior from people who were going to run out of money in the near future. But of these three retired couples, the least wealthy had enough money to carry them for at least another 20 years at their current rate of spending with an investment return of *absolutely nothing*. I'd like to say they're exceptions, but reactions like this have become the rule. I'd be remiss if I didn't mention that scores of others have called wanting to pull everything from the market until the crisis is behind us.

Which leads me to my main point. When it is apparent the crisis is behind us, the market will have already rallied. When will it be safe to jump back in? How many percentage points will it take for you to be convinced the rally is for real? (We've already had a number of 20% failed rallies) Pulling from the market for the apparent safety of fixed investments will make you feel better today, but may prove to be disastrous tomorrow. Falling stock prices are robbing you of principal now, but the twin thieves of inflation and higher taxes are lurking down the road. At least the market historically gives back what it takes. Warren Buffet even warned of the "Treasury Bond bubble" and inherent danger of fixed investments in his annual letter to shareholders this weekend. There are no easy answers and diversification seems like the logical strategy for uncertainty.

The reason we feel so bad is that we've been let down by so many people in so many ways. We see scandals and gross misconduct with banks, investment firms, and money managers. Corporations are breaking promises made for life. And for many of us, our government is giving our money to people we don't feel deserve it *against our will*. So you have to ask yourself a single question: Do you believe America will survive? I do. Warren Buffet does. Failure is not an option. It might take us peasants with pitchforks to take Washington back, but that will happen before we all just throw in the towel. As for the markets, history and simple mathematics are on our side from these depressed levels.

We certainly face challenges and have mountains to climb. I'm not making light of them. But using my teenager metaphor, just like high school we'll look back and these problems won't seem so overwhelming with the benefit of hindsight. The view of today's financial crisis is far different from a cancer ward, intensive care, or hospice. Every day you're alive and with people you love is a gift. Don't let the bad days ruin the good ones. Most of all, please **continue to live life** to the fullest. Optimism is the only strategy that makes sense, and we'll get through this together. But time, patience, and courage will be required from each and every one of us.

So, how am I doing? All-in-all I'm great and happy to be taking care of hundreds of angry teens and some perfect children. I'm here with a dedicated team trained to provide encouragement and guide you through this. We're watching the store and ready to make changes should your personal situation warrant any. Please use us. We have broad shoulders and are here for you during this very difficult time. We've also got quick reflexes, so go ahead and throw the shampoo if it makes you feel any better!

\*names changed

*Mark Congdon & Team Horizon*

*The Horizon Group and Cadaret, Grant & Co., Inc. are separate entities. Securities offered through Cadaret, Grant & Co., Inc. Syracuse, New York Member: FINRA & SIPC*