



Morrison Investments, Inc. (Member FINRA, SIPC)

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The Richest Man on Earth

as of July 9th, 2008 (Dow closed at 11,147, S&P 500 at 1,245)

Based on Forbes' calculations, as of 2008 Warren Buffett is the richest man in the world. From our perspective, it is gratifying to know he got there not through inventing a product or creating a business or through inheritance, but through investing in sound businesses. At age 77, the world wants to hear more from Warren and hopefully emulate his successful ways. Within the past month a Chinese investment fund manager won the chance to have lunch with billionaire Warren Buffett by bidding \$2.1 million in the most expensive charity auction ever held on eBay.

Out of curiosity, we decided to review how the Oracle of Omaha (Warren's nickname) was doing this year so we could potentially glean some approaches to this wild stock market that we could learn and pass on to others. Upon review we found that Warren's Berkshire Hathaway stock (the holding company that holds the companies he manages) was down 15.7% from the first of the year (symbol is BRK-A – stock price on December 31st was \$141,600, but was \$119,400 as of July 9th). We quickly determined there was little substance to glean from his current investment strategy that would be useful for our clients.

For comparative purposes, the following summarizes the significant drop in the major stock market indexes (including BRK-A) since the first of the year:

Index (as of July 9, 2008)	% Loss
Dow Jones Industrial Average (DJIA)	-16.0%
Standard & Poor's 500 (S&P 500)	-15.2%
Nasdaq	-15.7%
EAFE/non-US Market (Europe, Australasia, Far East)	-14.9%
Berkshire Hathaway Holdings (BRK-A)	-15.7%

We encourage worldwide stock orientated mutual fund investments for the long-term and we lean towards the Value style of investing which investment managers like Warren Buffett, John Templeton, Max Heine (of Mutual Series fame), Jean Marie Eveillard (of First Eagle), and the American Fund management team follow, some more than others. Value Investing generally involves buying securities whose shares appear underpriced by some form of in-depth analysis so that a security is purchased with a margin of safety.

Value managers have typically been students of Benjamin Graham (passed away in 1976) who is considered the most influential and first proponent of Value Investing. Buffett said the following about Graham's teachings: "The basic ideas of investing are to look at stocks as businesses, use the market's fluctuations to your advantage, and seek a margin of safety. That's what Ben Graham taught us. A hundred years from now they will still be the cornerstones of investing." We agree with these sentiments.

The above thoughts are expressed to provide you – an investor – with a perspective on how to view the current stock market and its impact upon your portfolio of funds. Certain risks can be controlled/managed, other risks cannot be controlled. As you know, we encourage

investors to invest for the longer-term (5 years or more), we recommend primarily the Value style of investing, we recommend broad diversification, we recommend seasoned experienced investment managers, we recommend mutual funds, and we recommend World Stock investing. If you invest with our firm, those risks are being managed.

But just as the Richest Man on Earth cannot control the systematic gyration cycles of the stock market and shorter-term market rollbacks, we too cannot control those matters.

Successful investors will focus on the longer term as we do not have a crystal ball. There have been critical times like this in the past, and the markets will work their way out of this downturn as they have in the past. As Bob Brinker's Marketimer July 3rd newsletter states, "The market has had to deal with the subprime mortgage collapse, a severe housing recession, a deteriorating jobs market and a huge increase in energy prices. Due to the energy related and geopolitical uncertainties facing investors, we currently prefer a dollar-cost-average approach for the accumulation of new equity positions."

Be careful about letting your emotions drive your investment decisions as markets move in cycles. Turn off the TV and go for a walk, visit friends, family or neighbors. Happiness and joy is there if you share of yourself or share from your resources. Spend time finding what's most important to you (and we hope that isn't your money) and give to that cause.

Our objective is to assist you in managing your money so that you earn more than what a CD or money market fund can earn. The US stock market has averaged in excess of 10% per year since 1926, which includes the stock depression period, World War II and other wars, Black Monday, oil crises, technology market crash, and more, but it has always rebound.

Please be assured that our personal money is invested right along with your money, in most of the same mutual funds and our money has remained steadily invested in those funds. While some argue that I am younger than they are, my dad – who was not wealthy -- passed away at age 84 owning several of the same funds we've recommended to investors.

We've stated our position, but if staying put is personally not worth it to you and your emotions keep you up at night, it is possible the stock market through diversified mutual funds might not be for you. That's a personal decision you have to make. We are of a resilient mindset and hope the above information provides some insight as to the direction you personally choose to take and **our hope is you stay the course.**

Please let us know how we can be of assistance. *And thank you for your referrals!*

Prepared July 10, 2008 by: Thomas A. Morrison, CPA, CFP®, Principal

Other Thoughts

Passing Away –As a legendary mutual-fund manager who was a pioneer of worldwide investing and later committed much of his fortune to scientific and religious causes, John Templeton is someone I always admired and quoted often over the years. Sir (knighted by the Queen of England) Templeton passed away on Tuesday, July 8th at age 95.

Tax Loss Exchanges – With the market's tumble, for those who have *non-IRA* investments we are recommending you consider exchanging between similar funds to pick up tax losses that can be used to offset other income or capital gains. You'll make this easier for us if you email Karma at Morrison@MFSAdvisor.com if this is something you would like us to review and provide recommendations. Thank you.