Investment Philosophy

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1. **The purpose of investing is to obtain the ability to accomplish your goals, not the maximization of returns. Acceptance of inordinate risk is unnecessary.**

2. **To be a successful investor, you must understand and be comfortable with investment program chosen.**

3. **There is no one "right" asset allocation for everyone. There are over 7,700 publicly traded stocks and 11,000 mutual funds. (Over 4,300 no-load mutual funds.) You have plenty of choices. No institution, mutual fund family or brokerage house has a record of outperforming in all the major asset categories.**

4. **You should have as much stock in your portfolio as your comfort level permits. Age does not determine the percent of your portfolio needed in stock. A 65 year-old-couple has a life expectancy of 25 years. With future expected medical breakthroughs, you better plan on 35 years in retirement.**

5. **Portfolios with over 70% and under 50% in stock are considered aggressive at any age. A stock allocation of over 70% is aggressive because of its volatility. A stock allocation of less than 50% is aggressive because of the dangers of out-living your portfolio and the threat of increasing inflation.**

6. **The proper analysis of stocks is more difficult than the analysis of mutual funds. No-load funds perform as well, or better, than load funds. No-load funds do not have back end loads nor limit your choices to one fund family.**

7. **The stock index mutual funds and/or exchange traded funds belong in most portfolios. They work particularly well when taxation is an issue.**

8. **Your asset allocation does not have to be over complicated or static. Invest in what you know. Be diversified, but too much diversification can interfere with performance.**

9. **To keep up with the indexes, greater and greater risk taking in investing may be required. Don't chase after last year's winner. Know what is in your portfolio and avoid concentration in one stock or industry sector.**

10. **Don't think you can time the stock market. If you are uncomfortable with the market's high price level you can take money out of the market, but don't expect to be able to judge the right time to reinvest.**

11. **Fixed income securities should be bought for safety, not for income. The long-term appreciation of stocks spends better after capital gains taxes than does interest or dividends after regular income tax.**

12. **Bond mutual funds can lose value and be subject to interest rate volatility. Holding individual fixed-income securities to maturity is preferred provided interest rates are adequate to provide adequate returns.**

13. **To a degree, all investing is a gamble. No one person has sufficient knowledge to "win" every time.**

14. **Annuities belong in the portfolios of few investors. Excessive front and back-end loads, high mortality charges, unfavorable taxation and lack of flexibility make them unattractive. They do belong however, in the personal investment portfolios of those who sell them.**

15. **Life insurance is not an investment. It should be purchased only to cover the possibility of a financial loss. Term insurance is appropriate for most insurance needs.**

16. **Regularly compare your portfolio performance to the performance of the appropriate indexes.**