

July 2013 Letter

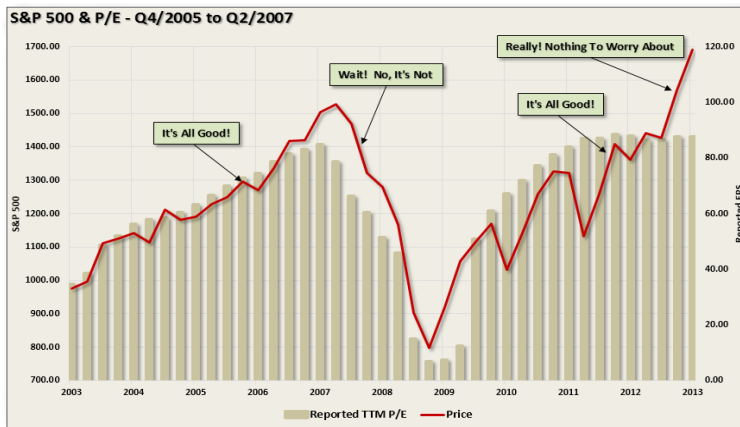
Good Things Come to Those Who Wait

"The opportunity set is far from compelling and thus one shouldn't be fully invested."

- James Montier, July 2013

- Markets continue to be over-priced (see Chart 1), leaving us few attractive ideas and lots of cash. When the next correction occurs, ideas will emerge again and we'll be more fully invested (like we were at the bottom in 2009).
- Have everyone you care about check their current stock market exposure. We see 2006-housing-bubble-like similarities to this market. We hate to see people we like get clobbered needlessly!

Chart 1



- Margin debt (people borrowing money to buy financial products) is a useful shortcut for "greed" in the stock market. Mr. Buffett is famous for saying, "Be fearful when others are greedy, and greedy when others are fearful." The high current levels of greed leave us quite fearful (See Chart 2). When markets start to move down, those on margin become forced sellers, exacerbating the downward movement.

Chart 2



Building a Dream

"All our dreams can come true, if we have the courage to pursue them."

- Walt Disney

Just this week we met with a couple who had aspirations of retiring overseas, but didn't know if and when they could make their dream a reality. After an evaluation at our office, we were able to map out a plan to make their dream possible in just six years. Anything is doable with the proper planning, and they were ecstatic to learn their dream was reachable with a very tangible 6-year timeline. We could see the burden lifted by the end of the meeting, which is a great feeling for us!

Have you thought about:

1. How you can be saving more in your 401k, IRA and after-tax savings without feeling strapped and deprived?
2. How you can retire to your dream when you aren't old enough to withdraw from retirement accounts or Social Security?
3. What your expense needs are in your new dream lifestyle?
4. Or maybe your dream is simply sending your child to the Ivy League?

Whatever your dreams and aspirations, the FSI team is here to help you and those you care about make it happen. And although we don't have all of the answers, we have an extensive community of folks to ask who have "been there and done that." We make these connections for the FSI Family all of the time. Always remember, our network is your network!

What dream can we help you build?

