The Rennie Quarterly Return

Rennie & Associates
Financial Planning
Investment Planning
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Investing—Think Long Term

Welcome to the first issue of The Rennie Quarterly Return. We're sure you're asking what is its purpose; why now?

The purpose is quite clear—to provide you with useful and helpful information regarding estate, tax, insurance and investment planning that should be of value. Over the nine years of our firm's existence, we have received many questions from clients. Often, we get the same questions.

Rather than wait for your calls, we hope to cover many of those questions in the Return.

We welcome your comments and suggestions. Also, if there is something else we should include on a regular basis, please let us know. We will, however, do our very best to keep the Return to one page.

Investing—Think Long Term

One of the major influences on our lives is the news media in its many forms. Its impact on investing is enormous. The print media does a reasonably good job of providing useful investment information, data as well as commentary and analysis. Were one to invest based on a careful reading and comparison of some of the better newspapers and magazines, one probably wouldn't run amuck—at least not too badly.

The same can not be said for what TV has to offer. TV financial programs present a steady stream talking heads sitting around in various groupings arguing, sometimes screaming with one another about what the market will do within the next hour, tomorrow or certainly next week at the farthest. Just the names of two of the most popular shows: "Fast Money" and "Mad Money" says is it all. If these shows had mottos, they would be "we'll show you how to get rich within the next 30 seconds—guaranteed!" Certainly, we're exaggerating, but you get the point.

Successful investing is just the opposite. One has to accept the fact that markets will be volatile, and especially so in the short-term. Even a cursory scan of historical investment rates-of-return for stocks, bonds, real estate, etc. make this unarguably clear. Yet, over the longer term, rates-of-return have a high probability of approximating their historic long term averages. That is very good news, news that you can take to the bank, literally. Consider the following stock rates-of-return (as measured by the S&P 500 Index) for periods ending March 30, 2008.

1 Year	-5.2%
5 Years	11.3%
10 Years	3.4%
15 Years	9.4%
20 Years	10.9%
30 Years	12.7%

The significant variability of the 1, 5 and 10 year returns should weigh heavily on short-term investor expectations. However, as the time horizon increases, the returns converge to a small interval centering around the long-term average (since 1926) of 10.1%. The rates-of-return for bonds, real estate, etc. follow similar patterns.

Ultimately, the short-term variability of the markets proves too complex for forecast-based, short-term strategies. The inevitable errors resulting from short-term forecasts of highly volatile, almost random events, drag down investment returns.

So what should an investor do? It's simple really. Assess one's financial situation and risk tolerance carefully. Identify and maintain an appropriate and well-diversified asset allocation. Invest with experts. And turn off your TV!

The results will be gratifying!

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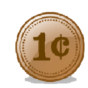
Our Two 

"Don't gamble; take all your savings and buy some good stock and hold it till it goes up, then sell it. If it don't go up, don't buy it."
Will Rogers (1879 - 1935)
cowboy, entertainer, humorist

Quarterly Trivia:

What has been the longest-listed company on the NYSE?

Con Edison, which was listed in 1824 as the New York Gas Light Company