

# *Sather Financial Group, Inc.*

## *Registered Investment Advisor*

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October 17, 2001

### **Keeping Things In Perspective**

By now everyone has received their brokerage statements reflecting activity through the end of September. While we all know the realities that our statements display, it is still difficult to see in black and white the decrease in market value as a result of the recent terrorism events.

However, as with all things it is important to keep perspective. As of the close of business yesterday the U.S. stock markets have been re-opened for one month. What a one-month period it has been. Our markets have experienced a wide range of reactions and emotions, all of which have affected our financial systems.

At times such as these it is imperative that emotion be kept under control and that we all maintain our focus upon the big picture. The drop in the stock market was not fun. However, as the chart below shows short term reactions are not a reason to discard your long term goals.

<b>Market Index</b>	<b>Performance Sept 10 – Sept 21</b>	<b>Performance Sept 21 – Oct 16</b>	<b>Performance Sept 10 – Oct 16</b>
Dow Jones Industrial Average	-14.3%	+14.7%	-1.7%
S&P 500 Index	-11.6%	+14.1%	+.8%
NASDAQ Index	-16.1%	+21.2%	+1.7%

Time does heal many wounds. As the chart shows our markets have already regained virtually all of the ground we lost as a result of Sept 11<sup>th</sup>—and this has occurred in only one month. In my opinion that is nothing short of a miracle.

Are we out of the woods yet? No. I fully anticipate that we will continue to see volatility. I do not know how long we will have volatility, but it will be there.

Does that mean that stock market assets are to be avoided? No. As I have always stated stock market assets are to be held for long periods of time (10+ years). Given this long term attitude, short term fluctuations should not deter the long term investor.

If an investor does have short or intermediate needs they need to fulfill those goals with cash equivalents and fixed income assets.

Nothing has fundamentally changed in the way portfolios are managed. Stock market assets traditionally give the best opportunity for long term gains. Additionally, nothing has changed in the way corporations make money. Yes, there will be changes in the way certain industry's function. However, this change is not prevalent throughout our entire economy.

I'll take this argument one step further. I'll take the big gamble and state that McDonald's will keep selling burgers, Anheuser-Busch will still sell beer, all of the drug companies will keep selling pharmaceuticals and health care products and Proctor & Gamble will continue to sell soap, deodorant and food. Additionally, the banks will provide financial services, Coca-Cola will sell soda water and UPS will deliver packages. Furthermore, everyone of these companies, and thousands of others will sell their products at very profitable levels. That is the entire premise of investing in the stock market. Invest in companies that make good products and earn consistent profits. Stick with that simple philosophy and the long term investor will put the odds in their favor.

If you have any questions please do not hesitate to call. In the meantime we can all look for the Federal Reserve to again lower interest rates at its November 6<sup>th</sup> meeting.

Sincerely,

Dave Sather, President  
Certified Financial Planner