



Margaret K. O'Meara, CFP®, AIFA©
President
LPL Registered Representative
157 Broad Street, Suite 303
Red Bank, NJ 07701
Tel: 732.224.9900
Fax: 732.224.9952
momeara@omearafinancial.com
www.omearafinancial.com

Financial Matters

**SPECIALIZING IN FINANCIAL MANAGEMENT AND INVESTMENT PLANNING
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Financial Noise

How many times do we take advice from the media before or instead of consulting a professional who understands our financial situations?

A man lived by the side of the road . . . and sold hot dogs.

He was hard of hearing, so he had no radio. He had trouble with his eyes, so he had no newspaper. But he sold good hot dogs.

He put up a sign on the highway, telling how good they were. He stood by the side of the road and cried, "Buy a hot dog, mister!" And people bought.

He increased his meat and bun order, and he bought a bigger stove to take care of his trade.

He got his son home from college to help him. But then something happened.

His son said, "Father, haven't you been listening to the radio?"

There's a big Depression on. The International Situation is terrible, and the Domestic Situation is even worse."

Whereupon the father thought, "Well, my son has gone to college.

He listens to the radio and reads the newspapers, so he ought to know."

So, the father cut down on the bun order, took down his advertising signs, and no longer bothered to stand on the highway to sell hot dogs. His hot dog sales fell almost overnight.

“You were right, son,” the father said to the boy. “We are certainly in the middle of a Great Depression.”

This fable appeared in *American Metal Marketing*, January 15, 1958.

Right now, the media are bombarding us with market news, most of it disturbing. In general, the long-term investor’s best course is—as usual—to ignore all the hype, avoid panic, and keep right on running your hot-dog stand! In other words: The 401(k) investment options are just as good and solid now as they were when we chose them and they are continually being monitored.

Long Term View

As this market bounces around, it’s important we focus on “The Long View.” Countless studies have repeatedly shown, “It’s time in the market, not timing.”

As you read this letter, I want you to sit back and imagine the things I ask you to imagine.

First, imagine you are driving down the Interstate. The road is straight. There is very little traffic and conditions are excellent. Imagine you are staring at the road immediately in front of your hood. Even under these ideal conditions, do you think for a second you can travel in a straight line? Not a chance.

Now imagine looking far down the road. Can you maintain a straight line of travel?

Of course, because you are taking “The Long View.”

Now, imagine mowing some grass. What happens if you look at the yard directly in front of your mower as you push it across the long edge of your yard. Do this for a couple of strips. Now, look a little bit farther out, and push your mower across the long edge of your yard. Do this for another few strips. Compare the straightness of the wheel lines for both methods—“The Long View.”

Doesn’t the same logic apply to investing in the stock market?

I absolutely believe a new decision is made—every day—to leave your money where it is or to move into a different investment. Moving in and out of investments is the short view.

The champion investor of all time, Warren Buffet, does not move in and out of things. He keeps his eye on “The Long View.” And that’s what we do.

Of course nothing is guaranteed either way, but I believe that only with the long view will we maintain our sanity when the market takes a relatively short duration turn against us like this.

Of course we pay attention to the fundamentals. We choose investments we believe are most likely to survive and prosper—and yes, we accept a few defeats here and there when the weather gets rough.

But we keep our attention always on “The Long View.”