

Looking Back, Looking Ahead

In our mid-year update in August we started with good news in a quick true-or-false quiz. You can see the article at <http://www.abelwealthmanagement.com/Mid Year 2010.pdf>

Well, it was good news in a roundabout way. Each pessimistic, alarming statement in the quiz, a reflection of "conventional wisdom," turned out to be false.

Good news abounded because what was true was that:

* According to the S & P 500 Index, the stock market did was up for the year in 2009.

(The S& P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock Market.)

* Corporate balance sheets do NOT reflect a depressing picture of the state of the economy.

* Most companies have NOT decreased dividends to shareholders in 2010.

So let's check in again as we close in on the end of 2010. How do I see the new year? To answer I am going to look past the markets pundits and their blasts of bad news. Too often, those outbursts provoke fear.

The Grasp of Fear

Jeremy Siegel of the Wharton School wrote:

"Fear has a greater grasp on human action than does the impressive weight of historical evidence."

We can look at one example. Out of fear many investors panicked, sold everything, and landed in conservative investments such as CDs, money markets, etc. Who can trust politicians, mortgage lenders, bankers, investment managers, or the media?

Today, worn out by the turbulent equity market (remember the "flash crash" in May of this year), the majority of investors are getting out of equity investments.

Why? For many, fear is driving their decision.

What Does "Historical Evidence" Say?

True or false? According to the S & P 500 Index, stocks are approaching where they were in September 2008 before Lehman Brothers went bankrupt.

_____ True _____ False

This is TRUE.

So congratulations to investors who stayed the course. And, also, let's celebrate those stalwart investors who bought more shares at very favorable prices. What can you imagine returns for these investments have been? In a word, returns have been tremendous.

So where do I stand in the face of an epidemic of debt crises in Europe, consumer pessimism, uncertainty about the employment picture ahead, Wikileaks, and unprecedented national debt? It may seem as if there is another shoe ready to drop at any moment. Worse, there may be a whole shelf-load of shoes ready to topple and trip us up.

So Where Do I Stand? Where I've Always Stood.

I believe investors who adopt disciplined investment plans and who have the patience to maintain those plans achieve satisfactory results.

Individuals who do not are always chasing their tails and end up in the unfortunate position of not only underperforming the markets but underperforming their OWN investments.

The end result for this unfortunate majority is that they don't achieve their financial goals and never seem to realize that it is their own behavior rather than the markets that are the culprit.

Further, I'm *never* convinced the world is coming to an end irrespective of how much it appears to be. Given the record of history, this mindset seems to hold with it a high statistical probability of proving accurate. The proof is in the pudding.

During my career, which began its 18th year this past August, I can report to you this finding based on real world results:

- The investors our advisors counsel - who have had the faith to put capital to work during periodic episodes where the world appeared to be ending - have seen those investments provide exceptional results over the years.
- Clients who did not have additional money to invest during those inevitable periods of disruption were eventually made whole and more when they patiently waited for these crises to end.
- Investors who sold investments were proven wrong when the world stubbornly refused to end . . . again and again.

I have no reason to believe that this strategy will become ineffective in the future (specifically, the adoption of sound investment plans, the creation of portfolios of superior investments, and the faithful carrying out of these plans.)

In fact, as the investment community becomes more and more focused on the short term, (ex: the waxing and waning of markets, the ebb and flow of economic statistical data, the political landscape, etc.) **the investor who is emotionally disciplined enough to look past all of this noise and maintain a disciplined approach may stand to benefit even more so than in the recent past.**

Regardless, I will save that debate for another day.

I'm not an economist. I am not a debater of political policy and its effects on markets. Nor am I a market prognosticator.

My Business As A Financial Planner

Rather, I am a financial planner in the business of getting to know people very well within the financial domain of their lives. Once I have a clear understanding of who my clients are and what they are trying to accomplish, I help them create plans which move them in the direction of their goals.

Occasionally, it is my job to be there to tell them not to engage in an activity which will move them in the opposite direction of their desired destination.

Essentially, I am in the business of helping people make good business decisions in their lives. While investments are an important piece of this puzzle, they are only a piece.

As we close in on the end of another turbulent year, I wish all of you a Merry Christmas and the best of wishes for 2011 and beyond. To our Jewish friends I wish you a belated and very Happy Hanukah.

It is a privilege to serve you all; thank you so much for that blessing.

Sincerely,

Leo

Leo G. Abel, CFP®

leo.abel@raymondjames.com

Abel Financial Services, Inc. – An Independent Firm

Securities offered through:

Raymond James Financial Services, Inc., Member FINRA/SIPC

9270 Siegen Lane, Suite 301

Baton Rouge, LA 70810

225-408-4000

The information contained in this e-mail is believed to be reliable. In accordance to industry standards, we do not accept trade orders via e-mail. If you wish to place a trade, please call us at the telephone number listed above.

Raymond James Financial Services **does not accept orders and/or instructions regarding your account by e-mail, voice mail, fax or any alternate method.** Transactional details do not supersede normal trade confirmations or statements. E-mail sent through the Internet is not secure or confidential. Raymond James Financial Services reserves the right to monitor all e-mail.

Any information provided in this e-mail has been prepared from sources believed to be reliable, but is not guaranteed by Raymond James Financial Services and is not a complete summary or statement of all available data necessary for making an investment decision. Any information provided is for informational purposes only and does not constitute a recommendation. Raymond James Financial Services and its employees may own options, rights or warrants to purchase any of the securities mentioned in e-mail. This e-mail is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, or dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this message in error, please contact the sender immediately and delete the material from your computer.

Any opinions are those of Leo Abel and not necessarily those of Raymond James.

Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect investment performance. Individual investor's results will vary.