

Smart Planning

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MANAGING INVESTMENT RISK

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ENTREPRENEURIAL THINKING

A few weeks ago I ran across a fascinating article called "What makes entrepreneurs entrepreneurial? It was written by Saras Sarasvathy at the University of Washington Business School. He studied 30 founders of successful companies in 17 states and identified the significant common elements in their thinking. He called this type of thinking "effectual reasoning." The reasoning begins with the entrepreneur's unique set of personal assets; like skills, relationships, credit, and property, (the means.) While applying those means they shape their goals through a continuing dynamic of creating, testing, marketing, and revising. In the process their company may migrate through several very different businesses. They believe the future is not something out there to be experienced when it is reached, but rather, something that gets created through the decisions and actions of the participants. Their reasoning is based on the logic *"To the extent that we can control the future, we don't need to predict it."*

Contrast this with the more traditional way of problem solving taught in the business schools and used in most major corporations. You start with a goal, and a fixed set of resources and then figure out the best way to reach the goal. He called this "causal reasoning". Academics and practitioners spend an enormous amount of brainpower and other resources in developing predictive models. The assumption is that the future is always a continuation or extension of past patterns. The successful practitioners will made superior decisions because of the power of their predictive models. This form of reasoning is based on the logic *"To the extent that we can predict the future, we can control it."*

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If Life Gives You Lemons, Make Lemonade!

The information furnished in this newsletter about investments, tax provisions, and planning techniques is intended solely for your general information. This is a complex area with many ramification not mentioned herein. You should consult your attorney and other professional advisors before making any decisions or taking any course of action mentioned herein.

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The Entrepreneurial Investor and Risk Management

This issue of Smart Planning is devoted to managing risk. All of us have learned a bit more about the risk of equity investments over the past 3 1/2 years. Many people view their losses as a failure of prediction. They reason: *"We, or they, should have seen this coming and shifted our investments accordingly."* But the global free market economy of the 21st century is unbelievable complex. After we mix in the tumultuous political changes around the world, technological breakthroughs, and shifting weather patterns accurate predicting becomes almost impossible. The prediction based approach has long been one of the traditional tools of business management and investment planning. However, we have begun to focus on another way of looking at things - called entrepreneurial thinking. Our lead article in the left hand column points out some of the distinctions between traditional and entrepreneurial thinking. I suggest you read it first - since it will help you better understand our frame of reference.

In this report we examine risk through the eyes of an entrepreneur investor. We humbly acknowledge that we can't predict future events. But an entrepreneur investor doesn't need to. There are many key elements we can control, and through our creative & thoughtful management of those things we can have a significant impact on our financial future. So we will focus our attention on the things we can control and how we might direct them toward long term investment success. Our journey as an entrepreneur investor will take us through three different areas of risk; *Volatility, Underperformance, and Investor Behavior*. We use a dialog with three fictional brothers; Bill, Cash, and Slim Money, to assist us in this learning adventure.

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The Entrepreneurial Investor and Risk Management



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Volatility Risk.

Consider this mind teaser. The three Money brothers each invest \$100 for 4 years. Each one averaged a 15% gain per year. But at the end of 4 years, Slim had \$104, Bill had \$164 and Cash had \$174. I asked the three Money brothers, "how did this happen?"

"Cash was cooking the books!", said Slim. "No way!", said Cash. "The numbers are all accurate." I explained. "The table on the right called ANNUAL tells the story. The 15% average is a simple arithmetic average calculating by adding up the 4 annual returns and then dividing by 4. A more accurate way to calculate your return over time is called a "geometric mean". This calculation is shown in the table called CUMMULATIVE. You can see that Slim had a geometric mean of .985%, Bill's mean was 13.165%, while Cash gained 14.918% a year. When figuring the geometric mean you adjust the starting principal each year by the annual percentage change, and continue in the same manner in each subsequent year."

	ANNUAL		
	Slim	Bill	Cash
yr 1	-50%	-8%	12%
yr 2	100%	40%	20%
yr 3	-20%	-2%	10%
yr 4	30%	30%	18%
Average	15.0%	15.0%	15.0%
Std Dev	65.6%	23.6%	4.8%

	CUMMULATIVE		
	Slim	Bill	Cash
yr 1	0.5	0.92	1.12
yr 2	0	1.29	1.34
yr 3	0.8	1.26	1.48
yr 4	1.04	1.64	1.74
Mean	0.99%	13.16%	14.92%

"But what accounts for the huge difference between our portfolios?" asked Bill. "It's a concept called "standard deviation." The bottom line of the ANNUAL table shows the standard deviation of each portfolio. Notice that the portfolios with the higher standard deviation had a lower geometric mean. Volatility not only affects your sleep at night, it also reduces your return. I suspect that Slim concentrated his portfolio in technology stocks with ultra-high standard deviations."

"What does standard deviation refer to?" asked Cash.

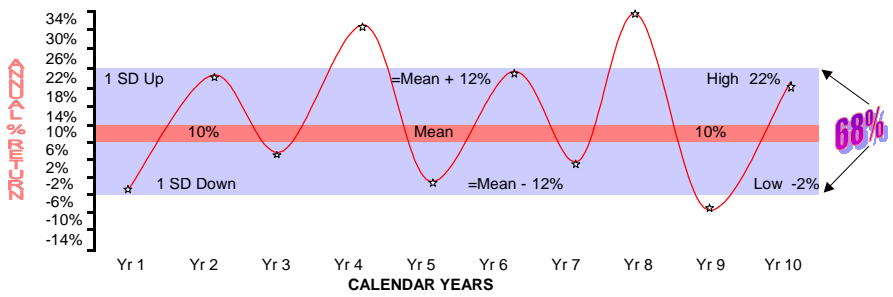
"Standard deviation is a mathematical formula used to measure historical volatility above and below the geometric mean. Statisticians and others use it to predict future volatility. Most people consider an investment with a higher standard deviation to be a more risky investment. The two charts on the right showing hypothetical returns over ten years help illustrate the concept. In each one the geometric mean was 10% a year and the standard deviation was 12%. By statistical definition, 68% of the annual returns will be within one standard deviation. The range of probable returns is shown as a blue band on the top chart. Notice that 68% of the returns fell between a high of 22% and a low of minus 2%. The high is 12% above the mean and the low is 12% below the mean. The lower chart shows two standard deviations within the yellow band. This band is wider because by statistical definition 95% of the annual returns will be within two standard deviations. That means that 95% of the returns fell between a +34% and a -14%."

"How do you reduce your standard deviation," asked Slim?

"Good question! The answer is by extensive diversification. There are two different methods of diversification that we use in portfolio construction. I will discuss each of them in some detail."

EXPECTED PORTFOLIO VOLITILITY

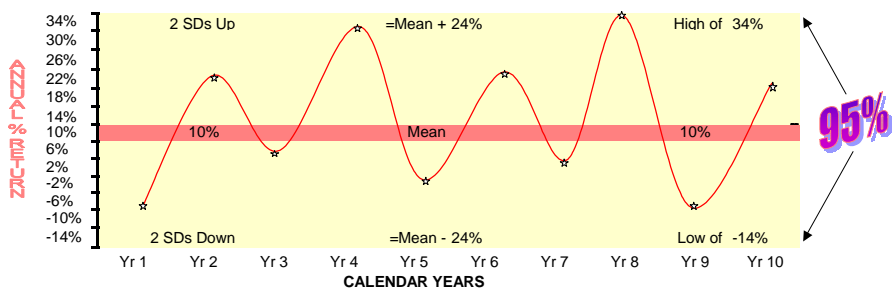
Standard Deviation
68% of all annual returns will be in the blue band



Standard Deviation (SD) 12%
Geometric Mean Annual % Return 10%
Hypothetical Annual Returns *

EXPECTED PORTFOLIO VOLITILITY

Two Standard Deviations
95% of all annual returns will be in the yellow band



Standard Deviation = 12%
Standard Deviation of 12% * 2 = (2 SDs) 24%
Geometric Mean Annual % Return 10%
Hypothetical Annual Returns *



Volatility Risk

Security Diversification.

"We invest in mutual funds, which contain a basket of individual stocks. Peter Lynch, former manager of the Magellan Fund and now a Fidelity Executive Vice President, has pointed out that "most stocks vary 50% in price each year." But when you put together a basket of stocks representing a wide variety of businesses and industries the volatility of your total portfolio is smoothed out. The chart on the right called the Season's Portfolio shows the annual returns over 16 years for three imaginary local companies. Assume each of you bought all the stock in one of the companies. Slim bought Renton Raingear, Cash bought Shoreline Swimsuits, and Bill bought Snoqualmie Snowboard."

"The stocks all look volatile." said Cash.

"There is some variation. The top right hand table shows the standard deviation for each of the investments over a 16-year period. Notice that Raingear had a lower standard deviation of 12.5% while the other two were over 18%."

"But what if each of us bought an equal share in all 3 companies? Asked Bill.

"That's where I'm headed. The diversity substantially reduces your standard deviation. The volatility of the companies tends to offset each other so that the entire portfolio has a standard deviation of only 4.8%."

"I can see how flat the purple line is compared to the individual stocks." Said Cash

Asset Class Diversification.

"What is the second type of diversification?" Asked Slim.

"We group similar investments into broad asset classes. The table on page 4 lists some of the asset classes we commonly use & their correlation to other classes. This is one of the key features of any asset class. This correlation factor is also called R^2 . R^2 ranges from +1 to -1. 1 is a perfect correlation. When that asset class goes up 3% a month; the correlating asset class also goes up 3% a month. A -1 is an inverse correlation. If the first asset class goes up 3%, the other one goes down 3%. A 0 means there is no correlation whatsoever. Most of the numbers fall between +1 and 0. Asset classes with a correlation between .5 and 0 can help your portfolio tremendously."

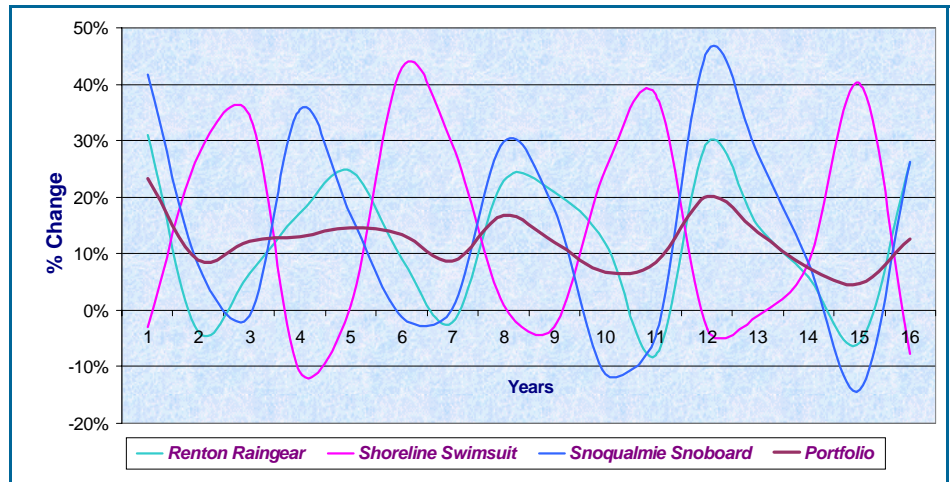
"How does low correlation help a portfolio?" Asked Bill.

"Let's look at the performance of the Season's Portfolio again. The lower table on the right shows the correlation between the three companies we described above. Notice that two of the companies, Raingear and Snowboard, had a high correlation of .82%. You can see that the green and blue lines for those companies tend to parallel each other. But Shoreline Swimsuits was on a nearly opposite course. It had a very low correlation (between -.83 and -.88) with the other two investments. When its red line was up the green and blue lines were down, and vice versa. Portfolio builders love non-correlating assets. Their up-years offset the down-years of other assets and smooth out the portfolio performance."

"So, by using the two diversification techniques you've mentioned we can substantially reduce the volatility of our portfolios." mused Slim.

"That's correct. So, your standard deviation comes down & your geometric mean return goes up."

THE SEASONS PORTFOLIO



Standard Deviation

Renton Raingear	12.5%
Shoreline Swimsuit	18.8%
Snoqualmie Snoboard	18.2%
Entire Portfolio	4.80%

Correlation

Snoboard & Raingear	0.82
Swimsuit & Snoboard	-0.88
Raingear & Swimsuit	-0.83

Avoid Volatile Investments & Investing Techniques.

Another way to reduce your portfolio volatility is to avoid super volatile asset classes. These include things like precious metals, agricultural commodities, penny stocks, and other speculative investments. These also include very specialized mutual funds, like the Internet funds. In addition we avoid volatile investing techniques such as margin borrowing, options, and futures.

The Entrepreneurial Investor and Risk Management



The Risk of Underperformance.

"How do you guys measure your investment performance?"

"I compare mine to my brothers." Said Slim sadly.

"That's not the best idea. Our firm calculates a personal goal for each client based on the 'expected' returns of the asset classes in their portfolio. Our strategy to help you meet your goal has four dimensions. We talk about Asset Allocation and Portfolio Construction in the main forum on pages 4 through 6. The sidebar on page 4 addresses Controlling Investment Costs, while the drawbacks to Active Trading and Market Timing are discussed in the sidebar on page 5."

Asset Class Selection & Allocation.

"The first step toward controlling the risk of underperformance is asset class selection and allocation. Two studies in the Journal of Financial Analysts indicated that asset class selection accounts for 92.5% of your total return. Individual security selection only accounts for 7.5% of your return. Yet, ironically enough, most investors spend 92.5% of their time on security selection and timing. These studies suggest they should reverse it."

"How do you choose Asset classes?" asked Bill?

"The table below shows some of the asset classes we use and the correlation between them. The asset classes used in your portfolio depend on your risk tolerance, time horizon, income needs, and wealth level. We use a personal interview to pull that information together."

"Is there much historical data for asset classes?" Asked Slim.

"In order to create an asset allocation we need reliable long-term performance data on each asset classes. Ibbotson Associates of Chicago IL has calculated the geometric annual returns and standard deviation for several stock & bond indexes with 77 years of annual return data going back to 1926. The S&P 500 Index is included in that data. We normally use the Ibbotson data for the 'expected' return and risk."

"What about new asset classes like ultra short-term bonds, GNMA bonds, and high yield bonds that became popular recently?" asked Bill. "What can you do if you only have a few years of data?"

"Many advisors just use the recent data. But we created a spreadsheet with an algorithm that calculates the 'expected' long-term returns for newer asset classes by correlating their recent performance to a similar asset class with long term data."

"The next step is to enter that data in software we use which calculates the correlation between various asset classes. With that information we start building a portfolio from

(Continued on page 5)

ASSET CLASS CORRELATION TABLE

	Corp Bonds	Hi Yield Bonds	GNMA Bonds	S&P 500	S&P 400	S&P 600	Ultra Shrt	Wilshire REITs
Corporate Bonds	1							
High Yield Bonds	0.55	1						
GNMA Bonds	0.88	0.38	1					
S&P 500 Stocks	0.43	0.46	0.46	1				
S&P 400 Stocks	0.67	0.63	0.63	0.8	1			
S&P 600 Stocks	0.58	0.79	0.79	0.6	0.9	1		
Ultra Shrt Bonds	0.62	0.63	0.74	0.41	0.73	0.65	1	
Wilshire REITs	0.31	0.5	0.14	0.06	0.37	0.59	0.34	1

Controlling Investment Costs.

All mutual funds have an annual management fee. The annual fee for actively managed equity funds averages about 1.3% a year. Index fund fees are far lower. The Exchange Traded Funds (ETFs) we use have a management fee between .1% or .2% per a year. Most actively managed mutual funds trail their benchmarks index simply because of the dragging weight of their management fees.

Sales commissions are also a cost. They can arise in several different ways. Each mutual fund actually incurs sales commissions from its transactions inside the fund. Thus, funds with a higher turnover will generate larger commissions, which get passed on to the fund investors. You incur sales commissions when you buy individual stocks, the ETFs, and "loaded" mutual funds sold by brokers. You can control that by buying no transaction fee mutual funds, which are primarily what we use at Fidelity. You can reduce your commissions on other things by concentrating your funds at a large reputable broker, like Fidelity. For accounts over \$100,000, the commission is only \$15 per trade.

Wise financial and estate planning can add tremendously to the net long term returns for your family. But standing alone it can be costly. We combine our investment management services with a great deal of free financial & estate planning. Our combined package gives you a double dose of investing power.

Income and capital gains taxes are another cost we can't forget. By using retirement accounts as much as reasonably possible, your taxes are deferred until money is actually withdrawn from your account. We manage taxable accounts for tax efficiency. This means low turnover, offsetting gains and losses when it makes sense, and buying low fee products like index ETFs as core holdings. □

Risk of Underperformance



(Continued from page 4)

the top down. First by dividing the portfolio between equity and fixed income and then by further subdividing each of those categories. On the equity side we can use a market neutral allocation or deviate from that."

"What is market neutral?" asked Slim.

"Morningstar divides US stocks into 70% large cap, 20% mid cap, and 10% small cap. I call this market neutral. The market cap is arrived by multiplying the number of shares outstanding times the stock price. Morningstar uses a floating guideline so that the distribution always matches those percentages. We can overweight or underweight any of the three classes by increasing or decreasing their percentage. Our software can help us to optimize a portfolio so that it has the highest geometric return for the lowest possible standard deviation. The right mix of non-correlating assets enables us to do this."

Portfolio Construction.

"Ok", said Bill. "So far so good. But what do we invest in?"

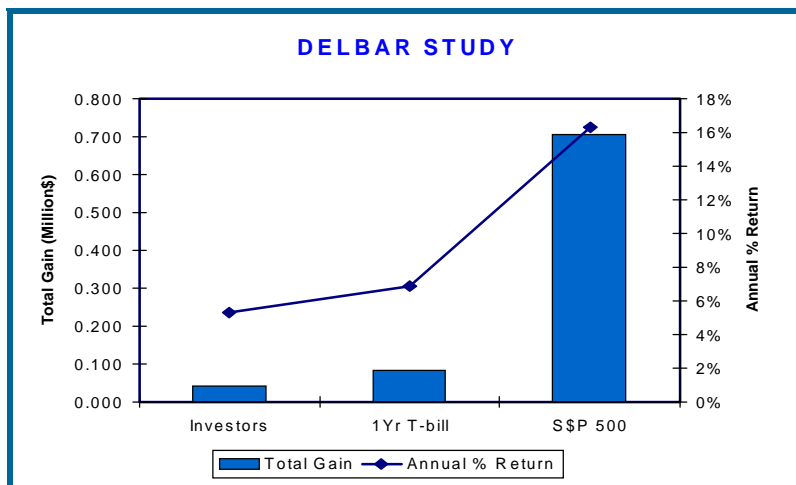
"Portfolio construction is the final step. Here we select the investments to fill in the asset classes we chose. This is the process that accounts for that last 7.5% of your return. We rely heavily on index mutual funds; like the traditional 'open-end' funds, or the BGI exchanged traded iShares. Both types attempt to match the performance of a benchmark index. For many asset classes there are strong index funds available which surpass the results of 90% of the actively managed funds in their class. But some asset classes don't have index funds or the actively managed funds regularly beat the indexes. US small cap stocks are a good example of the later. In those cases we only use actively managed funds."

"What about the choice of *growth* or *value* we hear about." Asked Cash. "Do you favor one or the other?"

"The three S&P domestic stock indexes we use are evenly balanced between them. So we get good exposure to both styles. We think the growth-value dichotomy has been overemphasized. The best active fund managers are always trying to find the best value, i.e. the most potential growth for the lowest price. This is called GARP or Growth At a Reasonable Price. We often pick a few top ranked actively managed funds to supplement our index funds in some US equity categories. The ones we choose often fall in the Morningstar Blend Category - between growth and value - and follow the GARP philosophy."

"It sounds like a very thoughtful system of investing." Said Bill. "Do you have a name for it?"

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Active Trading & Market Timing.

"I have been trying to be a more educated investor," said Slim. I buy a financial magazine every year which lists all of the best performers over the previous year and predicts the ten stocks & funds which will be the leaders in the coming year. But I only made 1% a year."

"Your system doesn't work. It's called rearview mirror investing. Academic studies indicate that there is no persistence of performance from one year to the next. All of that trading generates transaction costs, creates taxable events in taxable accounts, and reduces your net return. "The Delbar study showed that individual investors did poorly in comparison to a major market index. A graph and table showing the results of the Delbar study are shown below. Delbar Inc. of Boston studied the investment results of thousands of individual investors over the 17 year period from 1987 to 2002. The results were discouraging. Over that time, investors averaged 5.32% a year while the S&P 500 index gained 16.29% a year. They lagged the index by 11% a year. The major culprit was excessive trading. Many investors switch into a fund with a stronger recent performance, like you. Others pursue some form of active trading system. We have observed over 20 years that most trading systems under-perform the market indexes. Some investors try to switch between a equity position and cash based on some "market timing" signal. Many studies have shown that market timing does not beat a buy and hold strategy, although it can reduce your portfolio volatility somewhat."

Peter Lynch once said, 'It's time in the market, not market timing, that makes the difference'." □

	Total Gain	Annual % Return
Investors	\$42,139	5.32%
1 Yr T-bill	\$83,338	6.86%
S & P 500	\$705,847	16.29%



The Entrepreneurial Investor and Risk Management

Underperformance Risk

(Continued from page 5)

"We call our investing system a *Core-Satellite* approach. We use index funds as our core holdings, and add superior actively managed funds as satellite holdings. For our active managers, we look for people with outstanding long-term records. We look for people in the top 5 to 10% of their Morningstar category. We believe that there is such a thing as genuine skill and that an outstanding long-term record demonstrates it.

"If those greybeard managers you've selected as your satellites are so good, why not use them for all of your investments?" Inquired Cash.

"Great question. Here's why. In some of the asset classes the company information is so widely available that it is hard for any manager to beat their index. Second, we are taking on additional risk with our active managers. Things change. Managers can have health problems, retire, develop addictions, change their philosophy, etc. That leads to underperformance. You don't have these risks with index funds." "But in some of the asset classes your forced to take that risk because there is no index, or the available index funds have performed poorly relative to their active cousins," said Slim.

"Your exactly right, that's why we do it!"

"When do you change investments," asked Bill.

"First we periodically rebalance our client portfolios. Usually we just set a percentage range and rebalance an asset class when it drifts outside that range. Second, we make changes when either the clients investment goals change, the investment underperforms its peers for a long period of time, or a fund manager substantially changes their philosophy.

"So, you control the risk of underperformance by focusing your efforts on cost control, asset allocation and long term investing?" Said Bill. "That's right! We focus our efforts where studies tell us it really matters."

Investor Behavior Risk.

Now let's turn to the last of the three categories that I mentioned at the beginning, investor behavior risk.

"Oh, I don't think I want to hear this one," said Bill haltingly.

"But you need to, because this is the area where **YOU** can do the most to reduce your risk."

Knowing Your Risk Tolerance.

"Hey Slim, you had a 70% return in your technology stocks in 1999. How did you feel about their risk at the time?"

"I remember thinking how great it was." He said. They didn't seem to risky. They just kept going up and up."

"What you just said is key. They didn't seem risky because all of the volatility was on the up-side. So, it seemed to be within your risk tolerance. But we discovered in the bear market that people really didn't know their risk tolerance until they went through that part of the cycle. That was when they realized that the downside was beyond their risk tolerance. That happened to you, didn't it?"

"It sure did." Said Slim.

"Technology stocks have had high volatility for the last 20 years or more and their standard deviations were high. Weren't you aware of that?"

"No", Slim replied, "I just went by the ratings published in the magazine. I didn't know about their historical volatility, and I really didn't understand standard deviation."

"I have to quote from Peter Lynch again here."

"Oh, no!" groaned the Money brothers in unison.

"Know what you own", says Peter Lynch.

"You should know the historical return and risk of your investments and your portfolio. You should know your investment strategy. What is your goal for the annual return and standard deviation? How much income do you need to draw out of the portfolio?"

"Most people don't know the answers to those questions," said Cash.

"That's right. That's why we have a detailed risk evaluation process. We use questionnaires and meetings to help you sort this out. We want you to know what you own, especially how volatile it can be."

"What if your risk tolerance is very low but you need a higher return for retirement income?" Asked Slim.

"That's easy. You will have to either lower your life style costs, increase your non-investment income or learn to live with higher risks. There really is no free lunch."

Meeting Your Needs.

"Another type of investor risk is a portfolio that does not match your current needs, or fit with your current life plan."

"I don't have a life plan," said Bill sadly.

"I always know what my needs are," said Slim emphatically.

"Some people don't know what their true goals are and it's very hard for them to dig that out. Other people do and when they focus on their goals, they're like an arrow heading right for a bull's eye."

Dick Fabian, one of my first mentors, once said, "If you don't know where your going any road will do."

"Your investment plan is part of your financial plan, which is part of your life plan.

We can help you with the first two, but not the third. Our meetings and questionnaires are designed to draw out your financial goals so we can prepare an appropriate plan, customized just for you. But there are some underlying information you need to know before we can do a totally accurate financial plan. Things like when do you plan to

Investor Behavior Risk

retire? Will you work part time? What will your life style cost?"

"If we don't have these things figured out can you prepare an investment plan based on the risk tolerance evaluation?" asked Bill.

"Of course. But your risk tolerance may allow you to take more risk than you need to, or on the other hand, perhaps you are going to have to take on some additional risk in order to meet your life style needs."

"How do we prepare a life plan?" asked Cash.

"There are weekend or longer seminars designed for that purpose. There are also many books & tapes on the subject. You can find classes at a local community college, and at some churches. If you want a more personal touch you can hire a professional to assist you like a therapist, counselor, or profile consultant. Some actually specialize in life planning. The type of process you select is up to you, but the answers are very important for our work."

"What if you accurately identified people's needs at the beginning, but then something changed," asked Bill.

"We ask our clients to inform us of changes that will affect their investment plan.

We need to have good communications, so we learn about any significant changes in their financial situation and their life plan."

Having the Right Perspective.

"Investors tend to over-react emotionally to insignificant short-term events. Investors who take a long term perspective have a tremendous edge over the rest of the crowd. Keep in mind that from the end of 1935 to the end of 2002 the earnings of the companies in the S&P 500 index increased 5.47% a year and the index itself (without dividends) increased 6.44% annually. [PE expansion accounts for the difference in the figures.] Don't forget that this occurred while the country was going through half of the great depression, a world war, a cold war, 10 recessions, four regional wars, two presidential impeachments, one crash and a technology bubble. When you look at a long term chart of the index and its earnings the daily, weekly, and even monthly changes become microscopic 'lint'."

"Does a long term view mean you never trade," mused Cash.

"We don't trade based on today's news. We will shift our allocation between asset classes if we see a fundamental shift in their relative long term prospects. This type of investment reallocation is done thoughtfully, after reviewing a great deal of data, including historical means."

Cash looked puzzled, "Means what?"

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Entrepreneurial Thinking

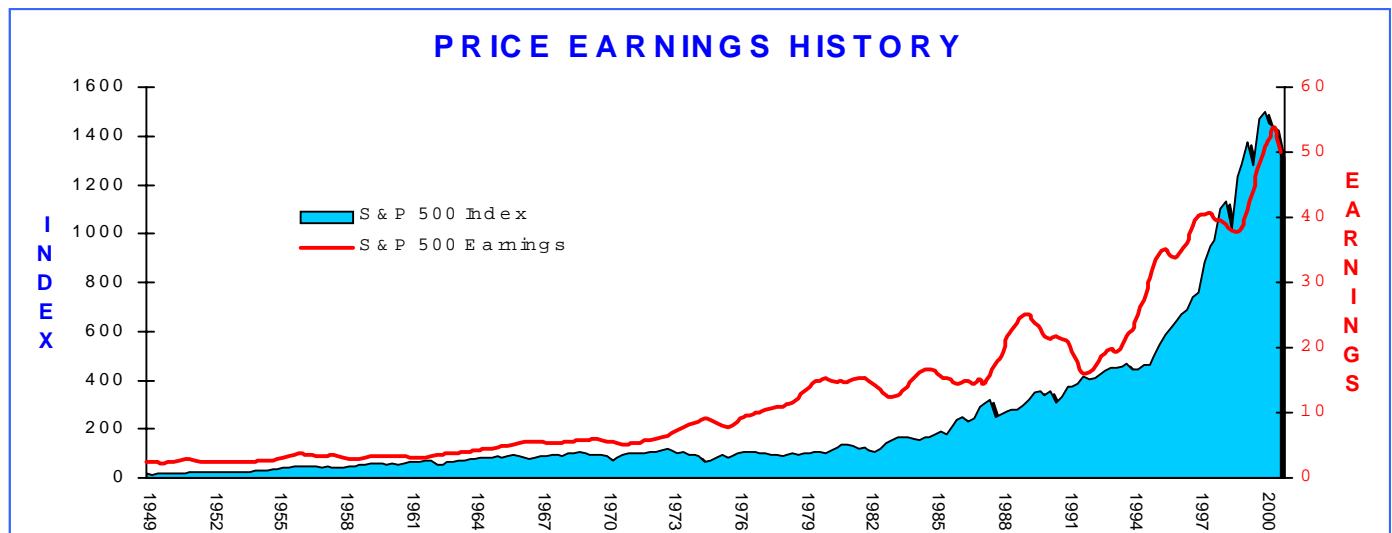


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Both attempt to manage risk, but in different ways. Entrepreneurs attempt to minimize risks thorough a creative blend of key relationships and resource allocation. They expect the unexpected, and look for ways to shape surprise events to their advantage. Their philosophy is expressed by that wonderful poster of a smiling lemonade vendor standing under a cascade of falling lemons. The caption reads, "If Life gives you Lemons, make Lemonade".

On the other hand, practitioners would prefer not to deal with the unexpected. They attempt to identify the potential risks through extensive research & analysis, and then devise ways to steer around them.

Many people use both types of reasoning at different times. Startup up businesses tend to be more entrepreneurial while mature companies gravitate toward casual reasoning. We use both in the investment management process. Causal reasoning is used in asset allocation decisions where we assume the continuation of past performance of various asset classes. We use effectual reasoning to increase return and reduce risk by focusing on things which we can control, like costs, portfolio design, and our behavior. The ability to use both gives us the flexibility to deal with each of life's challenges in the most effective manner. □



Investor Behavior Risk



(Continued from page 7)

"Reversion to the mean, or historical average, is a powerful statistical phenomenon. If a key figure or ratio for an asset class is well above or below its long term mean we look at the situation very carefully"

"What if you've just retired so you don't have much time left to invest," asked Slim.

"A person at age 60 has a life expectancy of 25.2 years under current IRS tables. Medical advance will soon stretch the average life span into the mid 90s. You probably have more time to invest than you think."

"Knowing your risk tolerance, matching your needs, and taking a long term view. That's core stuff," said Bill.

"Absolutely! These aspects of investor behavior are a key part of the risk management process. The people who handle them best are going to be the winners in the future." □

Some of the ideas in this report have appeared in earlier newsletters or handouts we provided to clients and prospective investors. We have expanded and updated them to reflect our current thinking and to better educate you about our philosophy of investing. We wanted to put them all together in one place, so you would have a handy reference guide for Managing Investment Risk. All of the data came from Morningstar and Standard & Poors. This report contains the bare essentials. We encourage you to do additional research and study on the topic presented herein. We hope this information is helpful to you.

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Conclusion:

By looking at investing through the eyes of an entrepreneurial investor everything changes. It's not about trying to find some hidden edge in an age when instant global communications has made most information readily available. It's not about picking the next hot stock, or predicting which asset class will be the next leader. We are surrounded by a universe of things beyond our understanding or control. But there is always a tremendous number of things which we can change. Each new investing ideas is examined through this lens. Will this new tool better allow me to control my investing future? In a way the entire process becomes like the famous Serenity Prayer. □

"God grant me the **serenity** to accept the things I cannot change; the **courage** to change the things I can; and the **wisdom** to know the difference."

Smãrt Planning

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Inside This Issue:
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