

MORRIS FINANCIAL CONCEPTS, INC.

“It’s only when the tide goes out that you learn who has been swimming naked.” Jimmy Buffet.

So as the tide recently went out – did anything become obvious?

We learned that the corporate world of business and finance is infiltrated with short sighted management who hunger for immediate profit today versus a more sustainable business environment for the future. We learned of situations wrought with fraud, greed, and malfeasance. Yet, are these findings new? In every domestic US and many global recessions since 1833 – 100 years before our Depression - these factors are dominant forces.

What else became obvious? As the tide receded so did our confidence in “life as we know it”. Although we’ve never been able to predict the future, we’ve mostly considered that we live in repetitive, cyclical phases where the future has some sense of familiarity with the past. Now we have all sorts of strategists and pundits who are trying to describe the contours of what is to come. There is extreme diversity in everything you read, and the same authors contradict themselves in their own writings less than 3 months apart. It almost appears as the atavistic chanting of witch doctors trying to ward off evil spirits.

Ultimately – after all is reviewed, we are still living with a big question mark.

What do we do? My humble observations have led me to no mind-blowing conclusions except that the basics still work! We are watching. We are testing. We are analyzing. Broad asset class diversification with strategic rebalancing is the basics of Modern Portfolio Theory. We cannot recommend any different model that works better.

We blend fixed income allocations with our equity allocation. Our fixed income strategy focuses primarily on quality and short duration. There is very little to be gained by going out longer than 5 years. We desire not just to provide income but also to provide stability. We want it to dampen the bumpy ride of the equity or stock market exposure.

We have a foundation for investing that says we still believe that commerce and trade (equities) will outperform debt or lending (fixed income) instruments. Therefore, even with the bumps we’ll keep an exposure to the global stock market but the diversity we maintain with this exposure is important in the whole process. We have a solid representation in the US markets along with both developed foreign and emerging markets. Our hedge against inflation includes small amounts of commodities and real estate.

What else can we do?

Live within our means. Let me rephrase that –live lower than our means. Create and maintain cushions that also create stability during times of stress or uncertainty. This discipline brings with it a sense of financial power. Our finances do not control us. We control our finances.

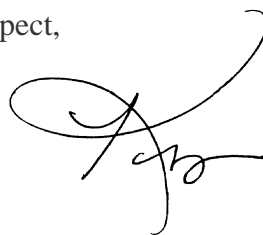
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Focus on what is truly important. I know I sound like a broken record, but it is often the simple things in life that bring a lot of pleasure. As I ride down Pitt St in the Old Village to go to my office or cross the causeway to go to Sullivan's Island I am amazed at the beauty that naturally surrounds us. We need to stop, breathe deeply – in through the nose and out of the mouth – reflect, and enjoy the natural beauties in all parts of our lives. . We cannot eliminate the uncertainties and the bumps in our lives, but we can adjust and focus on those areas that will ultimately make a difference.

If we have not met with you recently to review your situation, please contact us. We will be glad to offer a thorough analysis that looks at your individual situation.

The basics work.

Yours truly with respect,

A handwritten signature in black ink, appearing to be 'A. J. ...', written in a cursive style.