



A SURVIVAL GUIDE – TURNING LEMONS INTO LEMONADE

INSIDE THIS ISSUE:

<i>A Yo-yo, an Elevator...</i>	1
<i>The Gasoline Method</i>	1
<i>What Does "Time.."</i>	2
<i>What Does It Mean?</i>	2
<i>Good Communication...</i>	2

INTRODUCING... E- NEWSLETTERS!

Thanks in part to the responses to the Semi-Annual Client Surveys, we are proud to introduce the HWM Quarterly Newsletter in electronic format! This e-newsletter can be emailed to you each quarter.

If you are interested in receiving the newsletter via email, please email whitney@jholden.com.

SEMI-ANNUAL CLIENT SURVEY— WE NEED YOUR HELP!

You will soon be receiving an email asking you to help us by responding to the Client Survey. There are usually only 5 questions and it only takes about 3 minutes to complete. We know how busy you are, but *please give us a few minutes of your time!* By answering the survey questions (anonymously), you are helping us get necessary feedback to continually provide you with our best service.

If you do not receive email, but would like to fill out a survey, please call Whitney at (812) 336-0149.

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A YO-YO, AN ELEVATOR, & A POLITICIAN

What does a yoyo, an elevator, and a politician have in common? What goes up must come down. We have seen the rise and fall of many a yoyo, an elevator, and yes, a groomed politician. It is nearly impossible to go up and stay there forever. Usually as soon as something gets to its height, it immediately falls.

It is natural for things to level off and turn the other way. So why are we surprised when the stock market falls? Why are we surprised when the stock market recovers? I think our optimistic, or pessimistic, nature gets in the way.

History is taught in the class-

room; our grandmothers and grandfathers have many stories to tell. We are a world who likes to remember the past, and speculate about the future. Since none of us have the ability to know what the future is going to be, we have to rely on speculation. This is why I get frustrated when supposedly smart people go on the news and say the market is going to crash, or the market is going to charge ahead. If you are wrong on either side of that prediction this can hurt people who follow what you say. For this reason, you will hear many of those people use the word "may" or "potentially" in the

sentence. Those words hedge against the possibility they may be wrong.

As far back as I can remember, people have asked for a tip. A hot tip is either a \$20 bill on the dinner table, or speculation on the future. I'll take the cash in hand any day. What can hurt is when the tip comes from what seems like a reputable source.

What I will say is nobody truly knows. So what do you do when you just don't know? One of two things: 1-Do not speculate. 2-Go with your best choice, realize the risk, and give it enough time to work itself out.

- Joshua

THE GASOLINE METHOD

If you could buy gallons of gasoline to store in your back yard for future use or sale, how many gallons would you buy? Today when the price is so high you would probably not buy as much, hoping that the price might come down below \$3 where you would certainly buy a load of gallons, right?

I remember in high school traveling nearly every single day to my girlfriend's house. On the way there and back was a gasoline station. I recall premium gas at 99 cents. Now if I had the forethought to buy and store gallons of gasoline this past 20 years, I would now be able to sell those gallons at nearly



4 times the price I purchased them at.

20 years is a long time, but if you go back just 10 years ago I could have at least doubled my money, right?

So when you have the opportunity today to buy shares

in some of the greatest companies on earth at historically low prices and store shares in your "backyard" for future use, why is it so hard to do? Why can't we think ahead enough to know a deal today is only good if we wait long enough for the price to rise? Unfortunately, many of us have short patience. We want quick gratification. I do not know a soul who got rich quick. No, let me take that back. I know a few people who are broke who got rich quick, but spent or lost it all just as quickly. To make honest money you usually have to wait. Hang in there!

- Joshua

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WHAT DOES “TIME HORIZON” MEAN?

Every time I sit down with a client who has money to invest, I ask them this one question, “When are you going to need this money?” Many will say they do not need it for at least a few years if not for many years. Why is this important? The rule of thumb is this, if you give an investment more time, the risk of potential loss at sale goes down.

An investment that has risk to it will fluctuate in value. If you look at it in very short time increments, you will notice either a nice up or a bad

down. So when you get your statement in the mail after the first month, you may be very excited or very disappointed.

So why, if you do not need this set of money for three years, five years, ten years, or longer do we look and judge our investment after our first few statements? It is a natural response to judge things periodically. Unfortunately investments do not progress on a straight line upward. They fluctuate all over the place creating either euphoria or depression in some cases.

So how should you manage your expectations? How should you put into perspective what you see on the statement? First, realize you have not made money, nor lost money, until you sell your investment. Just like gasoline, there is no loss or gain by the gas station on the price per gallon in their tanks until they allow someone to buy from them. If you own the shares to your investment, you should hold onto those shares and not sell them to someone else until the price is right, which means something different to everyone.

WHAT DOES IT MEAN?

Recently, I was asked by a client (who is invested primarily in individual stocks of some really great companies) what I thought about the fact that they are down so much. That day, the market dropped 4%, and some of these stocks dropped 6 to 8%! My answer is the current price is so low, you would not want to sell. The current price is so low, it is very advantageous to buy more. The current price tells me something is wrong out there, and it is not necessarily the company's fault. Between the US and European debt problems and political wrangling, I would say it is less likely the company's fault.

I was also asked by a client later in that day what he should do with his money he has at the bank which currently earns less than 1%. I asked him when he was going to use the money, and he said maybe this year, or next. I told him keep it there and quit worrying about the lack of interest. You KNOW you will use this money, so you do not have time to let other investment options do any better.

Last, I had a client call me on the phone, and they said they were curious whether I thought they ought to pay what was left of their mortgage off. I asked them how it



would make them feel by paying it off. They said it would make them feel fantastic. Now I have never had a client tell me any investment made them feel fantastic. No matter the great return or interest they earned. So I told the client to go ahead and pay the mortgage off.

The answer to a problem is not the same every time, so I am glad these three people called me to ask my opinion. -Joshua

GOOD COMMUNICATION IS TWO-WAY...

We've been asked by clients and other advisors if our phone has been ringing off the hook while the news has been so bad lately. The answer is no. That can be a good sign, or a bad one.

We are sending out communications by e-mail, and we send letters or phone clients periodically to stay on top of things. If you were to walk by my window you would see me working at research to determine where things might be going, and to look for opportu-

nities. I'm not out playing golf, that is for sure!

Many have thanked me for calling, and also for sending e-mails which speak to the current bad news. It helps them when they read it to put things into perspective and worry less.

However, without you communicating as well, I cannot completely know for sure how you are doing. Many have said they were just about to call me, but they figured I

would be busy and they didn't want to bother me. Others say they just kept forgetting to call me, but planned to. One way or another, I know there are those who want to call, but just can't get themselves to do it.

I want you to know I am here to work for you. If you need me I am here. I will make suggestions from time to time for you, or I will ask that you stay put. Either way I care how you are doing, and I want you to hang in there. Call me! -Joshua

“A pessimist sees difficulty in every opportunity. An optimist sees opportunity in every difficulty.”

- Winston Churchill

“The game of life is a lot like football. You have to tackle your problems, block your fears, and score your points when you get the opportunity.”

-Lewis Grizzard