

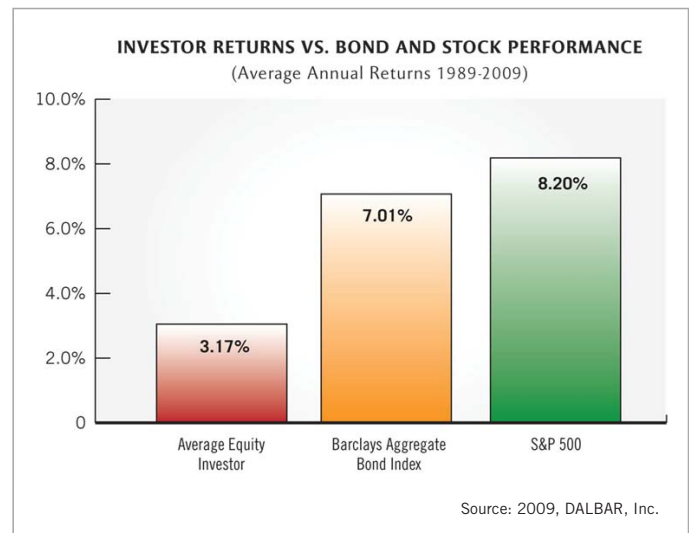
This is a report published by Five Star Wealth Manager* Keith Tufte of Longview Wealth Management, LLC with insights on investing and wealth management.

INVESTING QUOTE OF THE MONTH: "We have met the enemy, and he is us" – Pogo, Walt Kelly. This is very true with investing, where people's own emotions destroy their performance.



HUMANS ARE HORRIBLE INVESTORS

How bad is the average investor? The average investor actually ends up with less than half the market return over long periods of time. This is true for many advisors as well. Why is that? How can they be so bad? The graph on the right shows the most recent 20-year study by Dalbar, Inc. As you can see, the average equity investor earned only a 3.2% annual return, compared to the U.S. stock market (S&P 500 Index) which had an 8.2% return. How could actual investors have lagged behind by a whopping 5% per year over that time frame?



THE HUMAN BRAIN IS HARD-WIRED TO BE HORRIBLE AT INVESTING

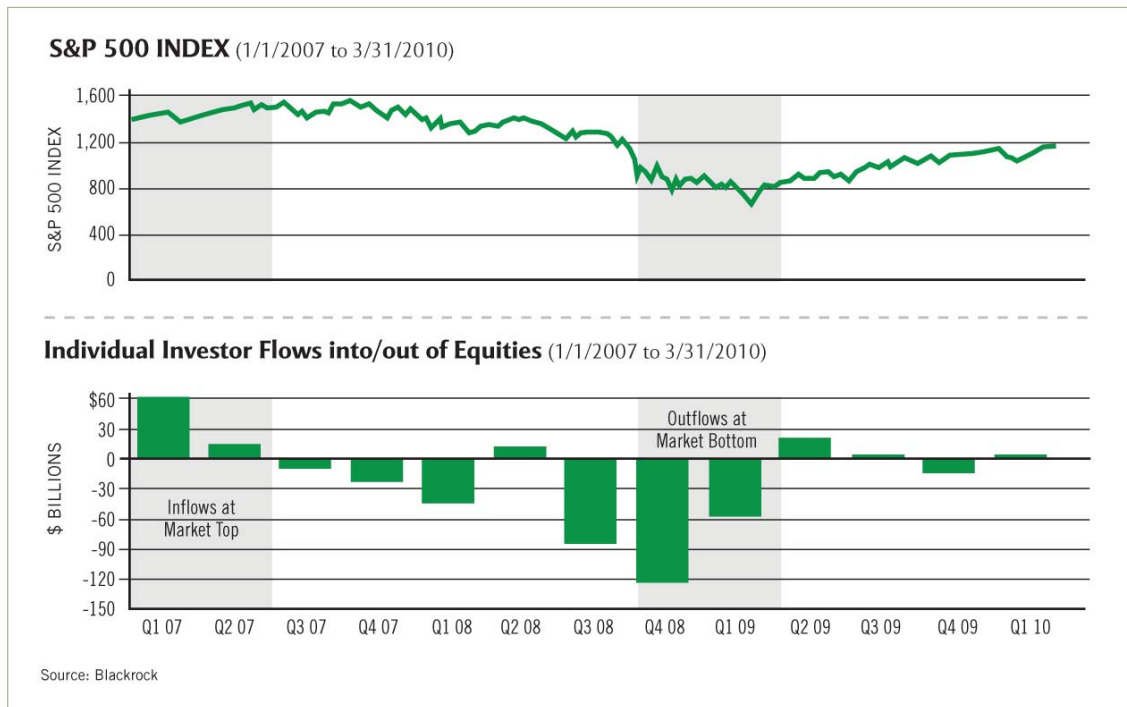
People put as much money as they can find into something that seems like "easy and fast money."

Why? Humans are emotional, and emotions are one of the key enemies of successful long-term investing. Our brains are hard-wired to be good at surviving by running away from danger, but bad at investing. If we confront a bear in the woods, we run. If we experience a scary bear market, we sell (typically after the market decline). Fear takes over rational long-term thinking. The opposite happens in a bull market. Greed takes over all rational thinking. People put as much money as they can find into something that seems like "easy and fast money." This usually happens after the market has already had a big run upwards. Remember the technology stock bubble in the late 1990s? How many people bought a second home, bigger home, or cabin in the 10 years prior to 2008 thinking real estate prices "can only go up"?

BUY LOW, SELL HIGH

Buying low and selling high is simple in theory, but extremely difficult for the average person to actually execute. Without realizing it most people actually buy high, and sell low (over and over again). The emotions of fear and greed drive them to buy and sell the wrong things at the wrong times. Investors make these mistakes: they try to time the market, and they chase hot stocks, funds, sectors, and asset classes. The media helps create these mistakes, a good advisor helps prevent them. Many investors have recently been piling into bond funds and gold after big runs.

The record of equity mutual fund inflows/outflows over the past several years shows that individual investors bought the most stock at the peak (1Q2007), and sold the most after the big decline in the market (4Q2008 and 1Q2009). They are once again destroying their long-term investment results.



THE VALUE OF AN UNEMOTIONAL INVESTMENT ADVISOR

... eliminating common emotional mistakes is just one important way that we add value for our clients.

Investor returns can be increased dramatically if these natural tendencies to “buy on greed” and “sell on fear” are replaced with a disciplined, long-term investment approach. These mistakes are costing the average investor 5% per year, and have devastating effects on people’s ability to retire comfortably and reach their other long-term goals. Closing this huge performance gap by eliminating common emotional mistakes is just one important way

that we add value for our clients. Other ways we can add value to our clients are through low overall investment costs, tax efficient investing, smart portfolio construction techniques, good financial planning, and regular rebalancing. That is the path to long-term investment success. We help our clients take the emotions out of investing by using a disciplined, long-term, steady approach to building wealth.

Longview Wealth Management, LLC provides unique wealth management services for a select group of client families to give them peace of mind. Longview is run by Keith Tufte, who has over 23 years of successful investment management experience as a Wall Street Analyst, Mutual Fund Portfolio Manager, Director of Equity Research for a major mutual fund firm, Hedge Fund Portfolio Manager, and Wealth Management Advisor. Please FORWARD this e-mail to any friends/relatives/business associates that you think may have an interest. Please visit our website at www.longviewwealth.com.

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