



COMPASS  
ADVISORS



Spring 2013

## Dealing with Waltz Street

You may have noticed the prices of America's great companies have been volatile lately. Although volatility has a negative connotation for most of us, dips and rebounds are two sides of the same coin.

Volatility describes the unexpected movement, up or down, in prices. Often, prices move in cycles: rising then falling then rising again. This stop and go, fast and slow is all part of the waltz of Wall Street.

So, what should a wise investor do in the midst of such volatility? I suggest three ideas to deal with erratic price movements.

### Expect Change

Some years ago a fellow came to my office to visit about investing and said: "Real estate never goes down in value." I pushed back a bit at that point but he was adamant.

He believed what many are tempted to believe: things will always be as they have always been. Experience teaches me nothing goes up forever. I recommend you not become over confident in any one investment, sector or asset class.

*"The only thing constant in life is change"*

*François de la Rochefoucauld*

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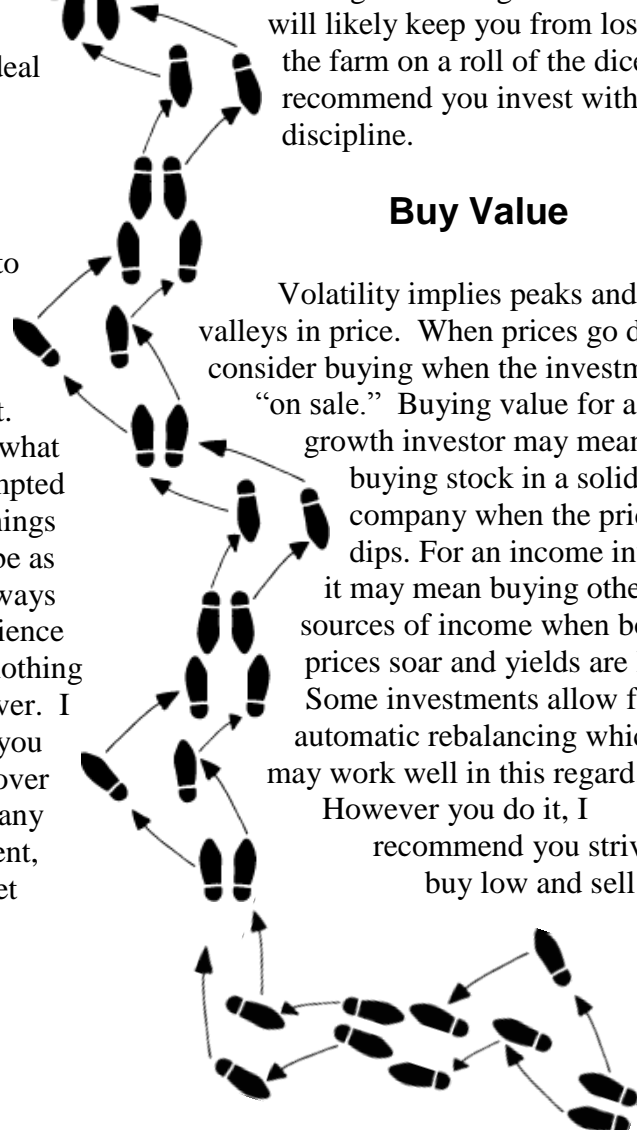
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33600 - 6<sup>th</sup> Ave. So.  
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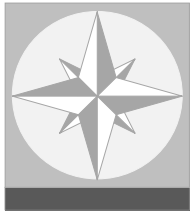
### Don't Try to Time the Market

An old Wall Street adage declares: "It is time in the market, not timing the market, which brings success." In a time when prices rise and fall dramatically it is tempting to fear or gamble rather than invest with a steady hand. Patience, purpose and diversification are the hallmarks of wise investors. While those investment principles will not guarantee against loss they will likely keep you from losing the farm on a roll of the dice. I recommend you invest with discipline.

### Buy Value

Volatility implies peaks and valleys in price. When prices go down, consider buying when the investment is "on sale." Buying value for a growth investor may mean buying stock in a solid company when the price dips. For an income investor it may mean buying other sources of income when bond prices soar and yields are low. Some investments allow for automatic rebalancing which may work well in this regard. However you do it, I recommend you strive to buy low and sell high.





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## On a Bluer Note

This newsletter has a decidedly optimistic bias, a point of view not shared by all readers. For the sake of balance we have dedicated this column to the contrary view. The following sentiments were found at [www.despair.com](http://www.despair.com), an excellent resource for those who prefer to see the cup as half empty.

### Challenges

I expected times like this - but I never thought they'd be so bad, so long, and so frequent.

### Shoot for the Moon

Even if you miss, you'll land among the stars. Of course, then your eyeballs will boil and your lungs explode from decompression. But that's what you get for being a showoff.

### Love

Money can't buy you love. But it can buy exotic cars and luxury yachts. Once you've got those covered, you'll be fighting love off with a stick.

### Adventure

Keep living life like there's no tomorrow and you'll be right sooner than you think.

### Change

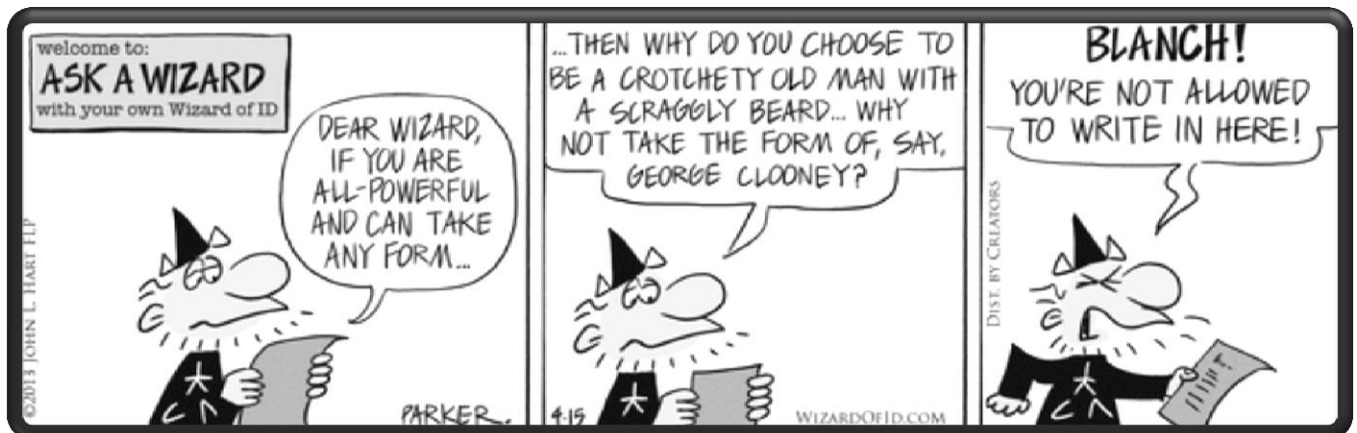
Never doubt that a small group of thoughtful, concerned individuals can change the world. Indeed, it's how we got the IRS, the Federal Reserve and the Mafia.

## Announcing: Alisa Joy Gerdes

Kristal Gerdes, our long time Office Manager and Director of First Impressions, had a baby girl on April 7<sup>th</sup>. This is number five for her and her husband Dan; Alisa was born early on a Sunday morning weighing 6 pounds 15 ounces and stretching 19 inches. Both Mom and baby are doing well. No word yet on Dan who was last seen calculating estimated food, clothing and college costs. We trust he will make a full recovery. Congratulations!



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# *Memorial Day*

## *Monday May 27, 2013*

Memorial Day, originally called Decoration Day, is a day of remembrance for those who have died in our nation's service. Memorial Day is about reconciliation; it is about coming together to honor those who gave their all. Memorial Day was officially proclaimed on 5 May 1868 by General John Logan, national commander of the Grand Army of the Republic, when flowers were placed on the graves of Union and Confederate soldiers at Arlington National Cemetery. Years later, tradition arose to wear red poppies on Memorial Day in honor of those who died serving the nation during war. That tradition was inspired by a poem written by a Canadian soldier, Major John McCrae, who wrote "In Flanders Fields."



During the First World War, the battles fought at Ypres pitted the German Army against the Western Allies made up of French, Canadian and British troops. Doctor John McCrae began the draft for his famous poem 'In Flanders Fields' on the evening of the 2<sup>nd</sup> May, 1915 in the second week of fighting during the Second Battle of Ypres.

It is believed that the death of his friend, Alexis Helmer, was the inspiration for McCrae's poem. It remains a touching reminder of the price paid to secure our peace, our liberty and our standard of justice for all mankind as defended by the brave men and women who wear the uniform of the armed forces of this great nation.

### **In Flanders Fields**

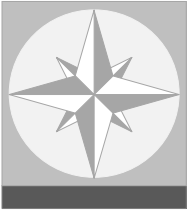
#### **John McCrae**

In Flanders fields the poppies blow  
Between the crosses, row on row,  
That mark our place; and in the sky  
The larks, still bravely singing, fly  
Scarce heard amid the guns below.

We are the dead. Short days ago  
We lived, felt dawn, saw sunset glow,  
Loved and were loved, and now we lie  
In Flanders fields.

Take up our quarrel with the foe;  
To you from failing hands we throw  
The torch be yours to hold it high.  
If ye break faith with us who die  
We shall not sleep, though poppies grow  
In Flanders fields.





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◆  
ARRIVE

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# CHART ◆ NAVIGATE ◆ ARRIVE

## New Tools for New Times

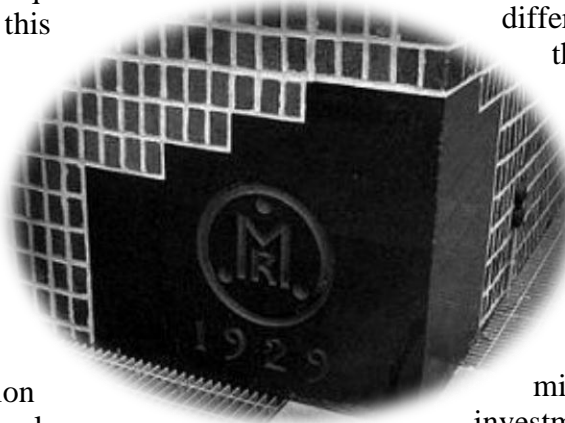
### Clearly Define Investment Objectives

Whether building a new house or an investment portfolio, you first need to establish a solid foundation. Gaining an in-depth understanding of your unique financial goals is key to this process. Your personal portfolio investment objective will take into account your risk tolerance and time horizon. Specific strategies can be created to address a single objective or a combination of objectives simultaneously.

### Properly Judge Risk

In general, the longer the time horizon of your investments, the more risk you can take on. Many investors, fearing even a little amount of risk, focus only on investments that address short-term volatility even though their time horizon may be 20 years or more. The result is a poorly performing portfolio in relation to their investing goals and time horizon.

## CORNERSTONES OF A SOLID PORTFOLIO



### Filter Out Emotions

Every day you hear new theories or speculation about the direction of the stock market from the media, friends, family and coworkers. It can be challenging to sort through differing opinions, filter out the noise and stay focused on your long-term investing goals. Many investors find themselves preoccupied with the fear of investment losses and mistakenly make costly investment decisions.

### Be Tax Wise

Structuring your investments properly by mitigating the effect of taxes on your portfolio can help preserve and ultimately grow more of your investments over time. Not using tax-efficient money managers or strategies where appropriate may cause you to pay taxes unnecessarily.

