



# FINANCIAL SERVICES ADVISORY

I N C O R P O R A T E D

Rockville, MD 20850 800.235.4567 [www.fsainvest.com](http://www.fsainvest.com)

## Are You Ready For Some Football?

### **August Market Review From Your Portfolio Management Team—September 8, 2010**

With the passing of August, we say good-bye to summer and hello to the milder season of autumn. In spite of the near record heat throughout much of the country this summer, there was definitely NOT much heat generated in the stock market. In August alone, stocks in the U.S. fell 5%, and for the three summer months of June/July/August, stocks in the U.S. fell around 3%, a very tepid result. As we enter the fall season, we can look forward to better stock market returns, cooler temperatures, colorful foliage, and another season of that great American pastime—football.

The advent of football season is looked upon with great anticipation at many levels, from youth league kids and their parents, all the way to the big productions of top level college and professional teams and their fans. Like most sports there are many life lessons that can be learned on the gridiron.

It was Vince Lombardi who said, *“The harder I work, the luckier I feel.”*

Knute Rockne said, *“Build up your weaknesses until they become your strong points.”*

At FSA, our entire investment discipline can be compared to football. There are times when we have the offense on the field. During those times (when we believe there are low risk opportunities to make money), we invest to generate returns (march down the field and score points—in football lingo). Over the past 28 years that FSA has been managing money for clients, there have been 14 years with stock market returns greater than 15%. Those were periods when we tended to have the offense on the field in an effort to build wealth.

Conversely, there are times when we have to put the defense on the field (few opportunities and risks are high). During those times we are looking to protect what we have built (try not to give up much ground to the opposing side). There have been 6 years out of the past 28 years with returns from the stock market less than zero. During those years we have tended to be very defensive minded in order to protect what we had.

To keep the football analogy going, 2010 so far has been a year with many turnovers as we seem to flip from offense to defense and back to offense through the year. Given our heavy concentration in bonds, it might be more accurate to say that we have kept our defense on the field most of the game, but we have managed to score some points with our defense.

We have continued to bring down the money market allocation (we are targeting about 10% in money market in most accounts by the end of this week). Most of the money continues to go into bond funds, which have managed to generate positive returns while protecting us from the volatility in stocks. As we enter the final quarter of the investment contest for 2010, we are going to continue to focus on a strong defense, and be opportunistic in looking for ways to score points.