President's letter

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Sixty-Five percent of wealthy families have lost the family wealth by the end of the second generation & by the end of the third generation ninety percent of wealthy families have lost the family wealth…….

DON'T BE AFRAID OF THE BEAR – JUST PREPARE

There really isn't much to fear from a bear market – unless you don't recognize that you're in one or fail to acknowledge it exists. A great man once wrote that "denial" is not a river in Egypt. The biggest danger an investor/trader faces by dismissing a bear phase in the US equity market is not having enough capital at the start of a new bull to make an impact on a portfolio.

A normal bear market's footprint, if you will, can be about a year or so in duration, and a decline in the market averages about 15-20 percent or more. I believe the coming bear may be worse. There is nothing anyone can do to stop it. It's a freight train coming at you, and you can either stand in front of it and try to explain to the train that is should stop of get run over. It's as simple as that. Recognizing you are in a falling market is half the game; taking advantage of it is the other half.

There are numerous alternative investment tools and strategies which will allow defensive, and perhaps profitable management of most investment portfolios during sustained bear markets.

In past letter I have made mention of consumer spending having been (and being) fueled, at least in part, by "creative" primary residence financing. According to Barron's magazine, last year a 375 billion dollar increase in disposable income somehow fueled a 500 billion dollar gain in consumption! Then there were the 43% of home buyers who put no money down in 2005.

Note: The views expressed above are those of Michael C. Jordan and not that of PICI. The material presented is based upon information believed to be accurate, but not guaranteed.