

## Midyear greetings from the team at CFS

Midyear greetings from the team at CFS, and what an interesting first half of a year!

This was the first time in my lifetime that our democratically elected government has acted in such a totalitarian manner, though having read George Orwell's '1984' many years ago, I had an inkling of what to expect; decisive action taken for the good of all and constant news items explaining how good it is and how bad it would otherwise have been!

Of course this event has reminded everyone of the importance of personal insurance and having an investment plan for those 'rainy or pandemic days'.

While we have always harped on about the necessity of having personal insurance and investments to provide a financial safety net in times of unexpected health events or business failures, these times may be more challenging for your family members or friends. If they have come financially unstuck please share our details with them and if you require some reassurance please don't hesitate to contact Nicholas, Joy, Yupar or myself.

Meanwhile we'd like to provide you with some perspective from Warren Buffet back in 2008, it retains the same importance during this financial shock, as well as our customary funnies.

# Buy American. I Am.

Abbreviated article by WARREN E. BUFFETT, Published: October 16, 2008

**THE financial world is a mess, both in the United States and abroad. Its problems, moreover, have been leaking into the general economy, and the leaks are now turning into a gusher. In the near term, unemployment will rise, business activity will falter and headlines will continue to be scary.**

So ... I've been buying American stocks, why?

A simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful. And most

certainly, fear is now widespread, gripping even seasoned investors. To be sure, investors are right to be wary of highly leveraged entities or businesses in weak competitive positions. But fears regarding the long-term prosperity of the nation's many sound companies make no sense. These businesses will



*"And now at this point in the meeting I'd like to shift the blame away from me and onto someone else."*

## Buy American. I Am. continued...

indeed suffer earnings hiccups, as they always have. But most major companies will be setting new profit records 5, 10 and 20 years from now.

Let me be clear on one point: I can't predict the short-term movements of the stock market. I haven't the faintest idea as to whether stocks will be higher or lower a month — or a year — from now. What is likely, however, is that the market will move higher, perhaps substantially so, well before either sentiment or the economy turns up. So if you wait for the robins, spring will be over.

Over the long term, the stock market news will be good. In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497.

You might think it would have been impossible for an investor to lose money during a century marked by such an extraordinary gain. But some investors did. The hapless ones bought stocks only when they felt comfort in doing so and then proceeded to sell when the headlines made them queasy.

Today people who hold cash equivalents feel comfortable.

They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value. Indeed, the policies that government will follow in its efforts to alleviate the current crisis will probably prove inflationary and therefore accelerate declines in the real value of cash accounts.

I don't like to opine on the stock market, and again I emphasize that I have no idea what the market will do in the short term. Nevertheless, I'll follow the lead of a restaurant that opened in an empty bank building and then advertised: "Put your mouth where your money was." Today my money and my mouth both say equities.

## Financiers

**Einstein dies and goes to heaven only to be informed that his room is not yet ready. "I hope you will not mind waiting in a dormitory. We are very sorry, but it's the best we can do and you will have to share the room with others" he is told by the doorman.**

Einstein says that this is no problem at all and that there is no need to make such a great fuss. So the doorman leads him to the dorm. They enter and Albert is introduced to all of the present inhabitants. "See, here is your first room mate. He has an IQ of 180!"

"Why that's wonderful!" says Albert. "We can discuss mathematics!"

"And here is your second room mate. His IQ is 150!"

"Why that's wonderful!" says Albert. "We can discuss physics!"

"And here is your third room mate. His IQ is 100!"

"That's wonderful! We can discuss the latest plays at the theatre!"

Just then another man moves out to capture Albert's hand and shake it. "I'm your last room mate and I'm sorry, but my IQ is only 80."

Albert smiles back at him and says, "So, where do you think interest rates are headed?"

## HUNTING

A successful business man took his lawyer bear hunting. While the lawyer made himself at home in the cabin, the businessman went out scouting for signs of bears.

He soon found a huge bear, shot at it but only wounded it. The enraged bear charged toward the businessman, who started running for the cabin as fast as he could. He ran pretty fast but the bear was just a little faster and gained on him with every step.

Just as he reached the open cabin door, he tripped and fell flat. Too close behind to stop, the bear jumped over him and went rolling into the cabin.

The man jumped up, closed the cabin door and yelled to the lawyer inside, "You skin this one while I go and get another!"



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