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Inside this issue

[Fox Business Channel Tonight](#)

[Dow Theory Trend Change... AGAIN](#)

[What is Your Real Risk Tolerance](#)

[Upcoming TV Appearances](#)

[Investment Quotes To Live By](#)

[Friends And Family Plan](#)

Fox Business Channel Tonight

I am going to be on Fox Business' Making Money with Charles Payne TONIGHT (Monday November 3) from 6 pm - 7 pm as well as on Wednesday from 6 pm - 7 pm. Please tune in and let me know what you think. It's definitely a different kind of market show than what's out there now.

Tomorrow is election day and regardless of which candidates you like, the most important thing is to get out and vote! I am going to try and so a quick election update during the day like I typically do in the even numbered congressional years.

Don't forget to check our blog for intra-issue updates.

www.Investfortomorrowblog.com

Dow Theory Trend Change... AGAIN

Last week, I wrote an article explaining how traditional Dow Theory worked, at least the way I learned that it worked. In that piece, Dow Theory confirmed a trend change to the negative side. While describing what transpired to give this warning, I also wrote that my own projections for the Dow were to the 18,000 level and I would be surprised if stocks didn't see all-time highs sooner than later.

After the Japanese caught the markets off guard with their own shock and awe on Friday, we have yet another Dow Theory Trend Change and in doing so, wiped away any early warning sign that Dow Theory was giving. Both the Dow Jones Industrials and Transports are at new highs, a late confirmation for the bulls, but a confirmation nonetheless. This sudden shift from one side to the other and back again is often referred to as a whipsaw.

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Below you can see what I tried to depict above in chart form. Stocks have run very hard, very fast and are certainly due for a breather. But as I have said for several years, the bull market remains alive. Any and all pullbacks are buying opportunities until proven otherwise.



What is Your Real Risk Tolerance

At the start of our investment advisory relationship, one of the very open ended questions we typically ask our clients is "How much risk are you willing to take?" or "What's your risk tolerance?" Remember that discussion? Some of you said you were "conservative", while others said "middle of the road." Few said they were aggressive even though behavior proved otherwise. One of my favorite replies is "What does that mean to you?"

Your answer may be in terms of percent of portfolio losses, dollar amounts, loss of initial capital or a score from a risk assessment questionnaire. That information, combined with more concrete data, such as years until you will need to withdraw your funds and how much money you have saved to date, is used to establish a risk weighted investment plan we believe will allow you to have the money you need, when you need it. Equally important, it has to result in a portfolio you are willing to hold through good markets and bad.

The problem is that risk "tolerance" is relative.

When you first answered the question, a number of factors influenced your response from current market conditions to your mood, prior investing experience, your sex and marital status, how you view your current level of financial security, job security and more.

With the exception typically of your sex, everything else is subject to change. In positive markets, people tend to be more willing to take on risk, assuming that losses can be quickly recovered. When markets turn down, risk tolerance changes. Behavioral finance has proven that losses have a greater emotional impact than gains and can distort risk tolerance by making an individual (1) less willing to incur additional losses or (2) willing to take on greater risk to make up for lost portfolio value.

Mood is particularly volatile and can be influenced by the media, personal events, and even your perception of whether or not the country is headed in the right direction. Divorce, illness, death of a loved one, dissatisfaction with one's work and other factors impact your willingness to take risks.

With that said, risk is a part of investing. While an active investment approach strives to manage risk and limit drawdowns, there will be times when your portfolio loses value or seems to plateau. While we can make no assurances as to the future performance of your portfolio, often these times are precisely when you don't want to abandon the investment approach.

There is also the question of whether or not you need to take risk. Sometimes we get locked in to a mental risk tolerance level that is actually higher than it needs to be. If you have sufficient savings to fund your needs with low-risk assets, perhaps there is no need to have a higher risk tolerance level in your

portfolio.

To make certain risk levels in your portfolio match your risk capacity, we ask that you call and talk with us. We need to know if there are changes in your life that necessitate changes in your portfolio, and if at any time you are not comfortable with your portfolio and how it is invested. And, we appreciate the opportunity to explain our investment strategy and its current performance. Our goal is a long-term relationship with you. Communication is a key part of that relationship.

Upcoming Appearances

Fox Business' Making Money with Charles Payne - November 3rd 6:00pm - 7:00pm

Fox Business' Making Money with Charles Payne - November 5th 6:00pm - 7:00pm

CNBC's Squawk Box - November 17 @ 6:10am

Fox Business' Making Money with Charles Payne - November 18th 6:00pm - 7:00pm

You can view most of the past segments by clicking below.

Media Appearances

<http://www.investfortomorrow.com/InMedia.asp>

Investment Quotes/Adages To Live By

"The only easy day was yesterday."

- The U.S. Marines

"When in doubt, get out!"

"If it's obvious, it's obviously wrong."

-Joe Granville

"It's ok to be wrong, but it's not ok to stay wrong."

"This time is different."

"The markets require the patience of a dozen men."

-Robert Rhea

"Luck is the residue of effort."

"The most bullish thing a market can do is go up in the face of bad news."

"The most bearish thing a market can do is go down in the face of good news."

"The market can stay irrational longer than you can stay solvent."

-John Maynard Keynes

"Government is best which governs least" - Thomas Jefferson

Inflation is the one form of taxation that can be imposed without legislation.

-Milton Friedman

"You cannot legislate the poor into freedom by legislating the wealthy out of freedom. What one person receives without working for, another person must work for without receiving. The government cannot give to anybody anything that the government does not first take from somebody else. When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that my dear friend, is about the end of any nation. You cannot multiply wealth by dividing it." - Dr. Adrian Rogers, 1984

"Bear markets seem to be divided into three phases: the first being the abandonment of hopes upon which the final uprush of the preceding bull market was predicted; the second, the reflection of decreased earnings power and reduction of dividends, and the third representing distressed liquidation of securities which must be sold to meet living expenses. Each of these phases seems to be divided by a secondary reaction which is often erroneously assumed to be the beginning of a bull market."

- Robert Rhea via Tim Woods

"Free enterprise is a rough and competitive game. Nobody too big to fail. Nobody too small to succeed. It is a hell of a lot better than government control." - Ronald Reagan via Dan Kennedy

"A government big enough to give you everything you want is big enough to take everything you have." - Gerald Ford via Dan Kennedy

"The problem with socialism is that, sooner or later, you run out of other people's money." - Margaret Thatcher

"Diversification alone is no longer sufficient to temper risk... You need something more to manage risk well." - Mohamed El-Erian

Friends And Family Plan

Finally, as you know, our firm and this newsletter continues to grow mostly from your referrals. If you know anyone who is interested in securing their retirement, planning for it or just plain worried about it, please send them here. As always, thanks for thinking of us with your circle of family and friends.

Sign Up Here

You can also forward this email to family and friends by hitting the "forward email" hotlink at the bottom of this email.

To Your Financial Success,



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