



# BURNS INSIGHTS

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BURNS INVESTMENT GROUP OF STIFEL

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*Thanks & Good-bye 2013! We will miss you, dear friend.*

This past year surprised many investors as well as most of the media with the posting of positive returns by the major markets. In fact, the Dow Jones Industrial Average experienced their best returns since 1995.

I am proud to say that I was not surprised. In the Investment Insight from November 2012, I wrote: “I feel strongly that we are in a precipice of a big improvement of the investment environment.” One of the headings, “Falling Out of the Basement,” I opined that since valuations were low (especially P/E ratios compared to the ten-year treasury yield), and investor sentiment was low, investors should feel very comfortable holding equities. Investors who heeded these recommendations should be happy with the net result. The weak part of investments has been bonds (due to interest rates rising) and gold (due to gold prices falling from their highs in December 2012).

Of course, no one can predict the markets with any certainty and past results are no guarantee of future results.



*But where do we stand today? Great question!*

Unfortunately, none of my crystal balls are working (I have four in my office).

Here are three areas on which we will focus our attention in the coming year.



### **Investment Markets:**

I continue to believe that the proverbial “wall of worry” remains intact. In other words, investors continue to be more risk averse and fear motivated. This is not a bad thing. I become very worried when greed, bravado, and complacency about risk creep into investors’ psyches. Also, valuations are still reasonable but not as lowly valued as the beginning of last year. I am encouraging investors to be more careful with regards to one’s asset

allocation decisions. Whereas I was recommending a higher than normal allocation to equities at the beginning of 2013, this year I am emphasizing strategies that have some sort of risk management elements. These come in the form of strategies like tactical asset allocation, strategic allocation, and alternate asset allocations. All of these strategies are designed to complement one another, and when used with other strategies, may reduce the overall volatility of a portfolio. Keep in mind, that asset allocation does not ensure a profit or protect against loss.



### **Balance Sheets:**

Another area where I have seen great improvement in many cases is in the health of balance sheets. The low interest rate environment has allowed mortgages to be refinanced to the lowest rates we have seen in decades. Also, due to the troubled shape of the economy and employment outlook, most investors have minimized the amount of consumer credit in use. This has resulted in lowering the fixed costs or monthly outflow. So, not only have the savings and returns helped asset growth, the credit side of the ledger has given most investors much needed breathing room. We continue to encourage clients to be aware of allowing more fixed monthly expenses. Having adequate “breathing room” results in our being able to remain more logical and calm during contentious markets. Remember, a basic tenet of the “successful investor mindset” is logic over emotion. Lower expenses allow us to act logically which may have a positive impact longer term.



### **Next-Gen Planning:**

I have been an advisor for over 27 years. I am truly blessed in that I still retain many of the relationships that I developed from my early years. In fact, a client in her eighties recently came into the office and met my son, Noah, who joined the Burns Investment Group four months ago. I told her that he is the same age now that I was when we first met,

## Next-Gen Planning Continued

and that I am just a few years younger now than she was when we first met. Wow, that was a fun and shocking realization to both of us. How did that happen? We had a good laugh over it. But it made me realize how fast time goes by. It also made me motivated to help the generations set to inherit their net worth, and to those who are beginning their accumulation phase of their life.

In order to share the knowledge and experience I have gained over these many years, my team and I are designing an investment workshop to educate the children and grandchildren of my clients on sound financial practices and investment strategies. Look for upcoming presentation dates. We hope you will share it with your family members and friends who may benefit from this kind of learning experience. It is my desire that we can help younger investors not make some of the mistakes that others may have made.



### **B.I.G.**

While you may guess that B.I.G. would stand for “Burns Investment Group,” in 2014 it will stand for “Be In Gratitude.” It is a term shared with me by a business friend. It is a mindset he had adopted, and I am choosing to adopt it as well. Before he complains about something or someone, he takes a moment to state why he is thankful for that person or situation. For me, I think remaining positive helps improve one’s quality of life.

We continue to be immensely thankful to each and every one of you, our clients. Your relationships mean so much to us. We will continue to work diligently to earn the trust you have placed with us.

What will happen in 2014? I may not know, but I guarantee that it will be interesting. I am sure that the markets will continue to be complex and confusing. But no matter what happens, you can count on all of us at the Burns Investment Group to be there for you, making your dreams our purpose. Here’s to a year of good health, happiness, and prosperity.



### ***Referrals: Yes, please!***

With my son, Noah, joining the Burns Investment Group of Stifel, we are looking to take on more clients. We are asking our clients to please keep us in mind in referring us to your family, friends, and business associates that may need help with their investment planning needs. We have an information packet available to introduce our services to any prospective client. Just call us, or have them call us, for a complimentary consultation or to get an information packet.

We are seeking clients with a minimum of \$250,000 investable assets and who are looking for a long-term relationship with a team of professionals based on mutual respect and benefit.

### ***Investor Mindset***

Our commitment to our clients is to help them become the best possible investors, and that’s where we feel we are able to deliver real value. The Burns Investment Group’s “successful investor mindset” philosophy is predicated on two main tenets: logic over emotion and structure over prediction. We also rely on strategies such as diversification, balance, and professional management. We take the time to understand where each of our clients are in their personal stage of life, as well as their past experiences, family dynamics, and any other qualitative factor that has an impact on their situation. Lastly, we also encourage the behaviors of discipline, consistency, and patience. Diversification does not ensure a profit or protect against a loss in a declining market.

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