



# BURNS INSIGHTS

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BURNS INVESTMENT GROUP OF STIFEL

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## 2013—We've got a pretty good thing going so far.

As I write this, the government has shut down and people are worried about Obamacare and its ramifications. Two weeks ago, it was the Syrian situation that caused investor consternation. A few months ago, it was gold prices decreasing. In December, it was gold prices going up. Help, I need some antacids!

What will it be next month? Next year? I have no idea, but I do know that some new issue will displace what is getting the media's attention. Not only can we NOT predict the future, but we must also learn effective ways to get through market extremes.



## "The investor's chief problem—and even his worst enemy—is likely to be himself." Benjamin Graham

We are only human. The field of behavioral finance examines the psychological and behavioral variables that can come into play with investing. As humans, our decisions can be influenced by emotions, biases, and assumptions, especially when it comes to money decisions. Recognizing that you may be subject to these factors may help you make better investment decisions.

The overriding framework of my practice, "The Successful Investor Mindset," correlates highly with the knowledge I have gained about behavioral finance over the past 27 years. The two main tenets (which, if you've been my client for a while, you have heard many times over) is "logic over emotion" and "structure over prediction." My goal as your investment advisor is to help you understand what behaviors might impede progress, and what we can do to help ensure that you are making the best possible decisions. A few current and salient issues are as follows:



## Progress not Perfection

We humans like to be right 100% of the time. In our early school years, we are taught that over 90% is an A. We are also fed this notion from the media—check out the images printed on the covers of health and fashion magazines. If we measure our own

body image against those we see in the magazine, we will have a skewed and disappointing perspective. With investing, we can develop a skewed perspective as well. The media puts out the impression that investing is easy and that you should be able to use the information they are choosing to report at any one time. We often assume that the information we are receiving is complete and objective. Wrong! To the contrary, the markets are always confusing and always complicated. Instead of expending energy in getting everything right, we should focus on factors that increase the probability of investment success. We help our clients institute strategies such as diversification, balance, professional management, periodic review, and have a plan based on each client's personal needs and situation.



## Take a hike!

Well, what can you do when your energy is being overly expended on worry about the financial markets? My number one advice is to divert your attention to things that bring you joy to your life. An example goes like this: You are watching the news media and they are talking about how bad the markets are. *UGH*. Next, you change the channel and they are blaming Obama. *ARGH*. Lastly, you go change stations and they are blaming the Republicans and the Chinese Government. *I'm done!* Instead, try doing one of the following: turn on the classic movie channel; call a grandchild; take a hike on the Coastal Trail; go have lunch with a positive friend who doesn't know what cable news is; **DO ANYTHING ELSE!** By distancing yourself from the media, you will gain more objectivity from the situation and be operating on a more logical basis—which is always a good thing when it comes to money. Remember, in the short term, the market can operate in a manner that makes little sense. We only make sense of current situations with the perspective of time.

Lastly, if you have questions or concerns, never hesitate to give us a call. We want to be there for you always! We send out portfolio reviews on a regular basis so you have a tool with which you can better understand your portfolio and how it is performing. It creates a context for us to have meaningful communication, so you can make the best possible decisions going forward. We are always grateful for the trust you have given us!



### **Required Mandatory Distributions (RMDs)—‘Tis the season**

Since we are in the last quarter of the year, we are reviewing our clients’ IRAs to see who still needs to take their RMDs for the year. Generally, if you are over 70 ½ or a beneficiary of a non-spousal IRA, you must take out a minimum amount of money based on life expectancy tables provided by the IRS. We will be contacting you over the next several weeks about completing your distribution. If you have any questions about how you are affected, please feel free to call us.



### **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.

### **Do you know any of the following?**

- Pre-retirees who are considering retiring within a few years
- Investors who are not happy with their current advisor
- Investors new to the area
- Executives of publicly-traded companies who may have stock options
- Investors with 401(k)s at prior employers
- Business owners who are considering selling the business
- Inheritance recipients
- Divorcees and Widowers

### **We offer all of these investors the following:**

- One-hour complimentary consultation
- Free information packets on the Burns Investment Group (just call us with an address, and we will send one to your referrals or to you)
- Free Asset Allocation Analysis
- Free Financial Plan offered by Stifel

### **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 that have worked for decades, namely 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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