



BURNS INSIGHTS

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BURNS INVESTMENT GROUP OF STIFEL

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“The master has failed more times than the beginner has even tried.”

-Stephen McCrane

I am fascinated by the subject of mastery. What does it take to master a subject whether it be cooking, any sport, computers, singing, poker, or investing? In my experience, I have made the following conclusions:

1. **There are subjects I never want to master.** For example, I don't care how the combustion engine works or how the plumbing works. All I want is to get in my car and go, and when I am in my home all I want is to get into the bathroom and go. I expect these things to be there when I need them and to work the way in which they were designed.
2. **Once you choose to know a subject, you find out “the more you know, the more you know you don't know.”** Huh? In other words, when you begin to master a subject, you begin to see that the subject is more complex, multi-faceted, and nuanced than at first glance. Answers beget more questions, and so it goes. Therefore, mastery becomes a process versus an event.
3. **There will always be somebody better.** Look at any field, and you will find individuals who excel. They have the optimum blend of natural talent, internal drive, luck, and attained knowledge. If you measure yourself against them, you will become disappointed and want to quit. One should aim for making consistent progress versus expecting perfection. For example, you will never see me on the cover of a fitness magazine, but I still go to the gym and work on my abs.
4. **Knowledge is accretive and experiential.** This is similar to the distinction of “book smart” versus “street smart.” Neither is enough. For example, I could read a book on playing the piano, but it won't make sense until I put my hands on the piano. Also, I will not be able to sit down immediately and play a Bach concerto. I will start by reading the basics of music (rhythms, counting, notes) and then begin by playing scales. Within a few weeks, I may be able to play “Mary Had a Little Lamb.” The concerto may take years.

When I started in this business in 1986, I decided to attempt

to master the subject of investing. I was drawn to it because I liked the thought of having my money working for me versus working for my money. It was kind of in my DNA. I was always the kid that was figuring out a new way to earn some money, whether it be raking leaves for the neighbors; collecting and redeeming bottles; checking the coin returns on phone booths and paper racks. (Note: If you don't know what any of those things are, you are very young.) I saved my money and bought my first piece of real estate at the age of eighteen.

I feel very fortunate to have picked the right career. Every day, I continue to increase my knowledge of the markets and investing, and to use my experience and knowledge to help my clients make better decisions with their money. Not only do I like to teach people, but I love to understand the history of markets, the probabilities of returns, and how human nature plays into investors' psyche (to their detriment or benefit.). No doubt the world will continue to be complex and confusing, but that won't stop me from evolving in becoming better as a financial advisor.

Where is your mastery? Each one of us has natural talents, interests, and desires. You don't need to be a master in investing. Time is a valuable commodity. You cannot do everything. I encourage you to invest time and energy in the areas that bring you joy.

What are your priorities? I have learned a lot from my older clients, many who are no longer with us. They have taught me that life is about relationships and experiences. My wife and I recently visited an extended family member/client who had decided to stop dialysis and go on hospice care. Donny has been part of our lives for close to thirty years, and he was a bigger than life character. He lived fast and hard and was far from perfect. But his last few days, he spent saying good-bye to his close friends and family. Of course there was some sadness, but there was great joy as well. The only thing that mattered to him was being with people who meant something to him. He lasted about four days, but they were four very special days indeed.

Theme for 2015: DeRisking



2014 was a year of stories that were not. Some of the stories that got our attention: High oil prices, Putin, Ukraine, ISIS, Ebola, low oil prices. Each of these caused very short-term volatility in the markets. Coming off what we believe were stellar

returns for 2013, 2014 was a year of single digit returns for the domestic markets. Looking forward, we continue to be bullish, but have become a little bit more cautious. There are three drivers that we are looking at. First, is the valuation of the markets. Based on historical norms, we feel that the market is on the high side of reasonable (based on P/E ratios, dividend yields and price to book ratios). Compared to the yields available with fixed income, the market may have some opportunities. Second, we look at market sentiment. Investors continue to be risk-averse and fear-motivated. We don't see a lot of greed, which is good. Lastly, we believe the "plow-horse" economy is still on tract. The U.S. economy is one of the leading economies of the world: We are now oil-independent, and we believe we are building a manufacturing renaissance.

In our portfolio reviews, we will be looking to reallocate to strategies that have lower risk profiles. If you would like to discuss the risk level of your portfolio, before your review, please don't hesitate to call Jeff Bangerter to schedule a meeting (either phone or in person). We are constantly weighing the risk versus returns of various strategies and attempting to invest where it may be most favorable.



Noah's Corner

"Many times what we perceive as an error or failure is actually a gift. And eventually we find that lessons learned from that discouraging experience prove to be of great worth."

— Richelle E. Goodrich,

Dwelling on the past is human nature. Yes, we want to learn from the past, but dwelling on it too much rarely does us any good as investors and as people. I just happen to be fortunate enough to partner with somebody that has decades

of experience in the industry, so I get to learn from the mistakes he has witnessed in his time serving clients. Moving on from my personal mistakes has been a challenge for me over the past year. I've had to teach myself repeatedly to learn from my mistakes and move on. I tell myself to "accept my reality and move forward in a positive direction."

There is a lesson in this for investors and our clients as well. For many investors, the fear of 2008 drove them out of the market. Many of those investors may remain uninvested to this day, and they have missed out on what we believe is an underappreciated 5-year bull market by keeping most of their money in cash or a money market. My advice to them would be the same advice I give myself: to learn from the past, accept its reality, and move forward in a positive direction.

One of the most important lessons we continue to emphasize with our clients is to not let our emotions (in this case fear) drive our decisions. As Robert and I tell all of our clients: fear causes us to sell low, greed causes us to buy high, and neither of these benefit the investor. The Burns Investment Group has been witness to over 25 years' worth of market events, the emotions they evoke, and the mistakes that follow. We've seen it countless times in the past and will see it again in the future, but we will also continue to ask our clients to curtail emotions, learn from the past, and move forward toward retirement.

Disclaimer: Asset allocation/diversification does not guarantee investment returns and does not eliminate the risk of loss. Stifel does not provide legal or tax advice. You should consult with your legal or tax provider regarding your particular situation. No one can predict the markets with any certainty. Past performance does not guarantee future success.



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.

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