



GOING LONG

Detterbeck Wealth Management, Inc.



AUGUST 2005

DON'T TREAT YOUR PORTFOLIO LIKE THE NEXT ATKINS DIET. THINK TAPAS.

By Les Detterbeck, CPA, MBA, CFP®, PFS, CFA

On July 31, 2005, the Atkins Diet company filed for bankruptcy protection. It was, many had thought, the perfect diet. But now, after losing \$340 million last year on its low carb products, the once mighty Atkins Nutritionals, Inc. was filing for bankruptcy protection in a Manhattan court.

We took particular interest in this news. That's because we believe that many people treat their investments like their diet. Some jump from one fad to the next; they get into whatever is hot, just about the time things are changing. Some alternate between eating and starvation binges. Some don't pay much attention and just keep doing what feels right. Many end up with poor results, just like many did from the Atkins diet. Let's face it, we all know that healthy eating includes moderate amounts from all the food groups and regular exercise. It takes discipline over a long period of time. There are no quick fixes.

By the way, Atkins is now acknowledging that low-carb doesn't have much of a commercial future. Going forward, the company will focus on a nutritionally balanced line of foods.

We at Detterbeck Wealth Management believe that a successful investment portfolio is much like a successful diet. Successful investors need a balanced portfolio and need to exercise discipline to get their desired results.

It's easy to get swept up in a craze. In the late 90s, most everyone put all their investment money in stocks. When the internet bubble burst, many people lost half their investments or more. We have all heard of the employee 401k plans that turned into 201k plans in 2000.

After that episode, many investors stayed in stocks. They knew that historically, stocks have earned 10-12% per year, so they thought they might as well just leave all their money there and recover their losses. Unfortunately, the market has only come back 2% per year in the last five years, so many

have yet to recoup their losses.

Many more investors moved to real estate in the early 2000s. As a result, real estate prices have increased dramatically both in the US and around the world in the last five years. Unfortunately, there is now current concern of a real estate bubble that is already starting to be felt in parts of the US and in places like London and Sydney, Australia. It will be interesting to observe whether many investors may stay a little "too long at the party" with real estate, the same way they did with stocks.

Bonds, while lacking the pizzazz of either stocks or real estate, have generated a return of 7% per year over the last five years. Not bad for an investment with a lot less volatility than stocks and a lot more liquidity than real estate.

In addition, alternative investments, including equipment leasing, oil and gas, hedge funds, commodity funds and others have produced returns of 8% or more during this five year period.

So, continuing the analogy to a diet, we like to think that good investing is like eating at a tapas restaurant and enjoying small courses of various savory dishes that together make up a great meal. Take balanced portions of many items. Consider all the food groups (asset classes). Get out of your traditional habits and consider food groups (asset classes) you might not normally select, especially if they are particularly healthful for you. Most importantly, don't just stand in one spot and load up on one item to the exclusion of others.



When we say balanced, we recognize that different people have different appetites and while two people may both have balanced diets (or asset allocations), there will be subtle differences between the two based upon personal preferences.

To give you an idea, we have found that for a couple in their

*Thank you for your recent referrals.
We appreciate you thinking of us and passing on our name to your family, friends, or colleagues seeking wealth and well-being.*

(Tapas Continued from page 1)

40s or 50s, an appropriate asset allocation might look something like:

Stocks: 25-40%

Bonds: 25-40%

Real Estate and other alternatives: 25-35%

And, of course, even within each of these categories there should be further balance and diversification. For example in the case of equities, several investment styles should be considered, i.e. large capital, small cap, international and so forth. Percentages will vary based upon personal objectives, risk tolerance, return requirements and other individual circumstances.

So, think tapas. Consider establishing an investment portfolio made up of small portions of a number of "healthy" investments. Don't overindulge in one asset class. Don't stay too long at the party. Get real value out of a portfolio with non-correlated assets so you can prosper in various economic scenarios. This kind of disciplined portfolio can be extremely beneficial to your long-term health and wealth.



Finally, the good news is that most of our Detterbeck Wealth Management clients are already doing "tapas" whether they realized it or not. For those of you who are not current clients, we'd be happy to help you put together a "tapas" portfolio. Give us a call; we'll bring the sangria.

Also, please set aside the date and plan to meet with us October 27, 2005 for our upcoming seminar: "Better Your Portfolio's Diet: Enhance Your Return & Minimize Risk Tapas Style". Invitations will be mailed in late September.



charles SCHWAB news:

We are pleased to announce that Charles Schwab & Co., Inc. has extended the "Trade Up. Trade Free" promotion through [September 30th](#). Get 30 commission-free online equity trades and rebate of transfer fees when you deposit \$500,000 or more into a new or existing Schwab account. DWM can use your free trades to invest cash and rebalance your portfolio.

Schwab Bank offers home equity lines of credit with rates as low as prime minus 0.75%. With rates so low, no setup fees, points or closing, a Schwab Bank home equity line of credit may provide significant savings and tax advantages. Please see Detterbeck Wealth Management for more details.



Oil and Gas Investment Opportunities Sure to 'Fill Up' Fast

If you're interested in taking advantage of the tax and investment features of oil and gas this calendar year, please contact us immediately as space in available programs is quickly running out.

Those of you who have expressed prior interest and/or are current oil and gas investors need not worry and should be receiving direct info from us in the next few weeks.



Detterbeck Wealth Management, Inc.

220 N. Smith Street, Suite 410, Palatine, IL 60067

Phone: 847-359-6262

Fax: 847-934-5495

www.detterbeck.net