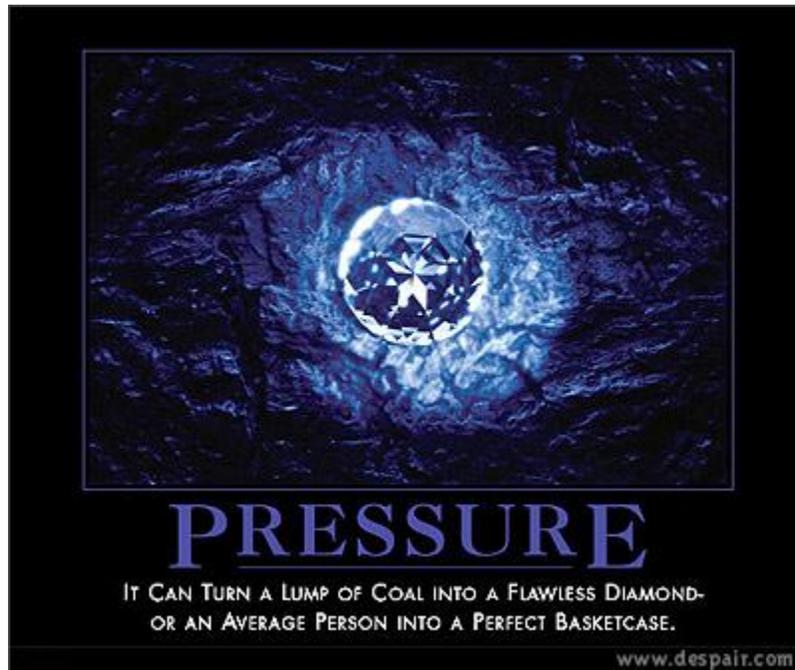




BINKLEY

Wealth Management Group

Binkley Wealth Management Group August Outlook



See: 44th President of the United States

Back in February of this year my Investment Outlook quoted Battlestar Galactica *"All of this has happened before... and all of it will happen again."*(Yes, I know I'm a SciFi geek... but it's okay. There are a lot of us.)

And guess what is happening now? But hold that guess for a second. I want you to participate in a little thought experiment with me. Please read the following taken from Wikipedia:

*"When the previous fiscal year ended, the president and the Republican-controlled Congress had not passed a budget. A majority of Congress members and the House Speaker, had promised to slow the rate of government spending; however, this conflicted with the president's objectives for education, the environment, Medicare, and public health. In response to [The President's] unwillingness to make the budget cuts that the Republicans wanted, [The Speaker] threatened to refuse to raise the debt limit, which would have caused the US Treasury to suspend funding other portions of the Government to avoid putting the country in default."***

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IMPORTANT DISCLOSURES The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance reference is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

** The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. It cannot be invested in directly. Past performance is no guarantee of future results. Stock investing may involve risk including loss of principal.

Wow! You're thinking... Wikipedia sure describes our present situation to a "t"!

Not so fast. Read it again but now with the stuff I took out back in:

"When the previous fiscal year ended on September 30, 1995, the president and the Republican-controlled Congress had not passed a budget. A majority of Congress members and the House Speaker, Newt Gingrich, had promised to slow the rate of government spending; however, this conflicted with the president's objectives for education, the environment, Medicare, and public health. In response to Clinton's unwillingness to make the budget cuts that the Republicans wanted, Newt Gingrich threatened to refuse to raise the debt limit, which would have caused the US Treasury to suspend funding other portions of the Government to avoid putting the country in default."**

Dohh!

And of course what happened? Back then we called it a "government shutdown" but the situation was essentially the same. The world did not end. We didn't lose our AAA rating. And the market? The S&P 500 went from 584 in September, 1995 (the eve of the shutdown) to 947 two years later (September, 1997). This represented a 62% gain during that brief window in time. Matter of fact, the S&P 500 didn't really look back until June of 1998 when it hit 1135. It was then that it also hit that little constitutional crisis called "Monicagate" and sold off a bit through that summer and fall. (Source: STANDARD & POOR'S INDEX SERVICES S&P 500 MONTHLY RETURNS. www2.standardandpoors.com/spf/xls/index/MONTHLY.xls)

So what can we learn from this?

Don't get me wrong. It's a serious time for the US and the markets and for your investments and mine. But, contrary to what the drive-by media and a certain tantrum throwing toddler want you to believe, it won't be the end of the world.

However; if you still find you can't sleep at night and your advisor either won't take or won't return your call, you could consider doing the following:

- 1) Call me. My number is 317.697.1618. I have the heart of a teacher and I'm a good source for Wall Street Wisdom with Kitchen Table Common Sense.
- 2) If you have treasuries, CD's, or some other kind of fixed income investment maturing in August... maybe you leave it in cash for a little while and not roll it over right away.
- 3) Stay away from putting **new** money into long term fixed-income investments.
- 4) Be cautious about buying bonds of financial companies.
- 5) Be ready to buy should we see a drop in stock prices overall.

If the market falls, there will be some real quality bargains out there ripe for the plucking.

I'll email you with the September Outlook... unless you tell me to opt you out... but I'll miss you!

p.s. If you found something here that was helpful, comforting, or just plain funny, please share this with your friends and family. You could even "like" it on Facebook if you felt really daring!

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Wall Street Wisdom, Kitchen Table Common Sense.

**http://en.wikipedia.org/wiki/United_States_federal_government_shutdown_of_1995_and_1996

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