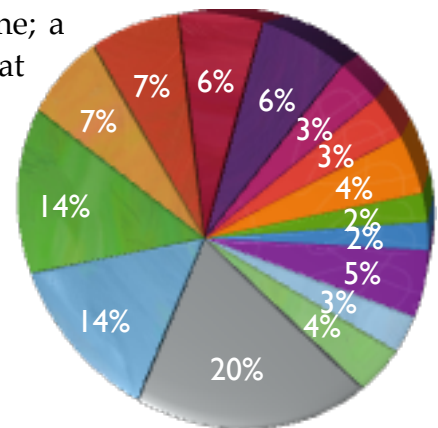


## Spring has Arrived

How long does it take to master the piano, golf, carpentry, cooking, chess? Most of us would answer years, if not decades. But the field of investing is very different; instead of producing stellar results the most seasoned investment managers underperform a basic index fund. In fact, just last month Mark Kritzman of MIT released a study showing that only 3% of investment managers with decades of experience and huge research staffs were able to beat the performance of the S&P 500 index over the 20-year period from January 1989 to January 2009. In other words, the simple S&P 500 index achieved stardom (96th percentile) by passively selecting stocks. Studies like this have similar findings for virtually every other 10 and 20-year period.

While investing in the S&P achieves excellence, at Abacus we go further. We add 13 additional asset classes or categories that when combined in a portfolio, have beat the S&P 500 by an average of 1.5% per year after fees since 1973\*, a time period which includes three major bear markets. Keeping costs and taxes low gives us a head start. It's like our clients start out on the 40-yard line instead of the 10-yard line; a field goal or touchdown is just not that far away. We believe that ultra-diversified portfolios will continue to outperform the S&P and the vast majority of professional money managers.



### DOES CASHING OUT SOUND APPEALING?

We are all experiencing one of the two worst financial storms of this century. We all know not to sell our houses in a hurricane and the same is true of our portfolios. I have a client whose father was courageous enough during the 1930's to buy; he didn't do so well in the subsequent 5 years, but in the next 10, 20, 40 and 80 years, the relatively small investment he made has enabled several succeeding generations to be financially independent. If the volatility of the markets is raising your stress level, talk to your advisor about our All-Weather Rainbow Portfolio.

### CONCENTRATED INVESTORS

Historically, concentrated investors are the only ones to lose all their money. Whether it's CDs or stocks, a concentrated non-diversified portfolio is terribly risky. Unless you have a reliable crystal ball, the safest haven is an ultra-diversified portfolio.

## RIDDLE

What was our best performing investment last year? Believe it or not, Unitus Equity Fund, L.P. , a microfinance fund, was up over 20%. Borrowers in the Third World repaid their debts while the people of the richest nations defaulted.

Unitus is hosting a trip to Kenya in late May which is focused on microfinance. If you are interested in one of their life-changing trips, please let us know as soon as possible.

## SPRING

There are some things in life that are absolutely priceless AND free. Springtime is one of them. Enjoy it.



Photo of a "Loan Circle" from a recent Unitus Microfinance Trip

## CREDIT CARD HOLIDAY

If you want or need to reduce your living expenses, or if you just want to experiment with the way you spend, use cash for all your discretionary expenses for the month of May. I'd love to hear if your spending habits change.

## Our New Trading Technology

I am pleased to announce the implementation of a new trading system, iRebal. It was described by Investment News as the Rolls Royce of rebalancing. By allowing us to begin rebalancing opportunistically, we will now have the ability to take advantage of the volatility that the current market is presenting, providing extra return potential.

(Let us know if you want to see the studies.)

Warmly,

A handwritten signature in cursive script that reads "Spencer Sherman".

Spencer Sherman



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