



# Newsletter

www.advantageplanning.com

3rd Quarter 2001

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## Featured Article

# Value or Growth or Both

the stock worth based on the company's current value, regardless of what that stock price indicates? Growth investors tend to look more at the company's prospects: Is it growing and how fast? How long can it continue its growth? Two Sides, But Still One Coin

### Is one Better Than The Other?

Which is better in the long term? If the answer to that question was obvious, there would only be one style. But the performance of value and growth investment styles shifts back and forth in cycles.

### Protecting Your Wealth

Every investor is different. Everyone believes their tolerance for risk is high when the markets are booming. Conversely, many insist they have a major phobia against risk when markets are rocky. The truth usually lies in between. Since volatility and risk will never disappear, you may wish to consult the Registered Investment Advisor of Advantage Financial Planning, Inc. ■

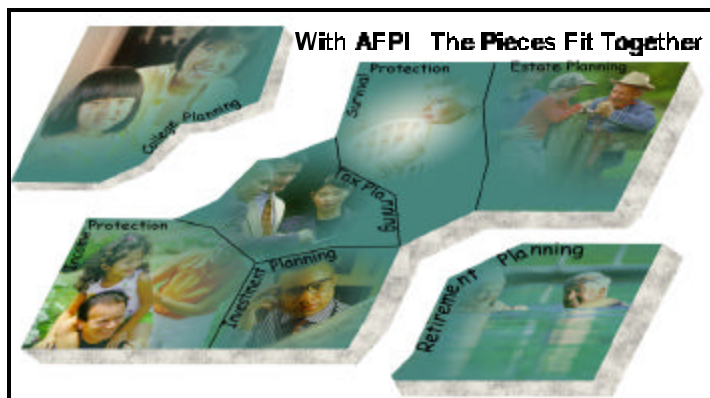
## **M**aking Sense of Two Investing Styles

Few terms in the investment world are so frequently used- and misused- as value and growth investing. These two investments styles are often portrayed as complete opposites. Yet value and growth have much in common. Both can be components of a sound investment strategy.

In practice, there are as many investment styles as there are investors. Most professional money managers, whether they prefer growth or value or something in-between, use elements of both styles in their investment research. Every value manager wants growth: that's the reason we all invest in the first place. Every growth manager wants value: to invest otherwise would be pure speculation. What varies among managers is the emphasis they place on value or growth. Indeed, many money managers prefer the middle ground, sometimes called a blend, or "core" strategy.

### Two Sides, But Still One Coin

The distinction between the two investing styles stems from a difference in perspective. Value investors usually start by measuring a company's intrinsic worth: What is



## EDUCATIONAL SEMINARS

**SEPT 11, 18, 25, OCT 2** 7-9:30 PM

"When Can I Retire?"

IPFW Campus (219) 481-6619

A general overview of retirement strategies and a personal portfolio builder.

Cost: \$79

**OCT 10 & NOV 8** 7-9 PM

"Reacting To A Changing Market"

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What's an investor to do? Expect it. Prepare for it. Take advantage of it.

Cost: No Charge

**1**  
FACT

A survey by the Forum For Investor Advice found that 48% of do-it-yourself investors said that being able to access a financial professional's investment knowledge would be a primary reason for seeking advice. Another 19% of do-it-yourselfers said it would be a secondary reason.

**2**  
FACT

A majority of investors surveyed expressed satisfaction with the performance of their investments over the past year, despite the poor showing of the stock market.

**3**  
FACT

Those investors who used financial professionals were more enthusiastic about their returns, with 41% saying they were very satisfied, compared to 27% if the do-it-yourselfers who said they were very satisfied.

Source:  
Forum For Investor Advice,  
January, 2001

*Highlight On Community— A Wealth Of Heritage*

# Hildegard (Hilde) Hofacker

From the moment you step into her living room, you connect with Hilde. Energetic. Vibrant. Engaging. Hospitable. In plain view to the visitor are the plans for her next big trip with all of the collateral reading. This time she will travel to China. As you peer into the backyard, the large garden adds to the evidence that Hilde's life has been a continuation of her parent's hard-working and adventuresome lifestyle.

Before they knew each other, her parents independently made their way from Germany to Fort Wayne, and in 1923 they met in a Central High School English class. They were later married and over that next decade they had five daughters. Hilde's father Friedrich, who retired from GE after 41 years, was a master gardener and eventually built a home on the land that he gardened.

Hilde reminisces and her voice trails off...After graduating from college as an English major, she traveled to her German roots to teach children of U.S. Army families who were stationed in such cities as Oberammergau, Weierhof, Berlin, and Giessen. Throughout much of the 1950's & 60's she lived in Germany teaching, learning the language and culture, and exploring other European countries.

Returning to Fort Wayne in the early 70's, Hilde cared for her ailing parents for several years. She also taught three year olds at the old Lutheran Hospital's (Fairfield Ave.) Daycare. Later she taught at St. Joseph Catholic Elementary School where she had been educated in her own younger years.

Today, Hilde still lives in the house that her father built and she loves gardening in the same soil. The Raspberries and rhubarb her father planted, three decades ago, come up every year to produce their fruit. She carefully tends to the peach trees and the grape



Always with a smile. Hilde as a teacher in Oberammergau, Germany in 1952, and (inset) Heidelberg in 1950.



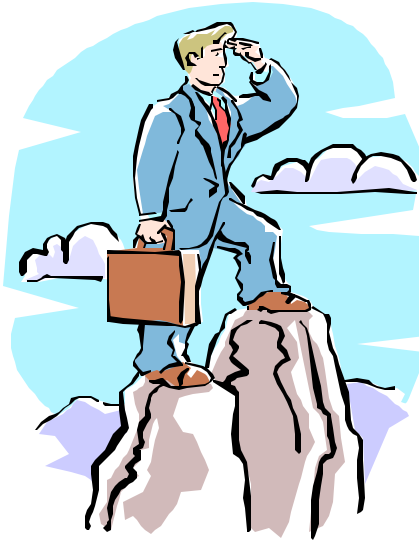
Hilde works with her sunflowers. In the background is the pear tree and grape arbor.

arbor that were also planted during her childhood. For her, enjoyment is found in preparing meals for friends and family from her homegrown fruits and vegetables. There is never enough time in the day for Hilde...so much to do... helping the needy in the community through St. Joseph Catholic Church, singing in the choir, making travel plans, and enjoying her retirement with a wealth of amazing stamina and a tireless zest for life.

-by Tim Stauffer

# Making **Big Decisions** For Your Business

# ?



## Get Help With The

# Big Picture

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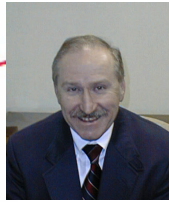
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## INVESTMENT ENVIRONMENT

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—by David R. Kern

The stock market started to react positively to the six Federal Reserve interest rate cuts during the second quarter of the year. Interest rates have dropped 2.75% since the Federal Reserve started to use monetary policy to reverse the economic slump. This is the most aggressive monetary easing in the Federal Reserve's 88-year history according to James Stack of Investors Research. By the end of the second quarter, the economy will have experienced almost nine months of easing monetary policy, and the initial cuts should start having an effect on the economy.

The dramatic drop in productivity during the first quarter has many members of the Federal Reserve Board concerned. Now that the "productivity miracle" has suddenly disappeared, corporate profits plunged approximately 43% in the first quarter according to the Wall Street Journal's survey of corporate profits of over 1700 companies. The bottom line is that the U.S. economy remains totally dependent on rising consumer spending until business spending increases.



Check out the "Bull & Bear" stare-down on our WEB site  
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Many Wall Street observers are looking for the fourth quarter as the possible turn around quarter for earnings. The big problem with the U.S. economy continues to be a dramatic reduction in business spending. The lower capital spending results from an overly cautious business community. A significant turnaround in the economy will likely be postponed until business spending rebounds.

*Excerpt from 2nd Quarter Newsletter written by David R. Kern and sent to all AFPI clients July 2001. A copy of the complete letter is available upon request. Call (219) 637-1019*