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March 5, 2009

Investors' respite from sinking stock prices ended Thursday as the U.S. stock market slid amid a round of mixed corporate news at blue-chip companies.

A better-than-expected report on U.S. factory orders offered investors little comfort. The Commerce Department said demand for manufactured goods fell by 1.9 percent during the first month of the year. While this was better than the 3.5 percent drop economists had expected, it marked a record sixth straight month of declines.

I have had a few phone calls this week seeking my advice with regards to moving their still modest investments into bonds. Each of my clients share the same concerns about the stability of the financial system, concerns about the economy getting worse, and just a lack of confidence.

My response is predictable; stocks are great for the long run. The problem is that many investors who call themselves long-term investors really aren't.

Sure, when stocks are going straight up it's easy to say you'll hang on during corrections. And even brief corrections don't shake your faith. But the current downturn is a reminder of the importance of being a truly long-term investor with a time horizon of at least five years, preferably longer.

To boost your bravery for stocks, I try and do the best I can to improve our odds by shunning companies with heavy exposure to credit losses, especially on mortgages. One in five U.S. homeowners now owe more than their home is worth, and prices are widely expected to fall further. Also, I try and favor companies with minimal debt and sales that, if not growing at the moment, are dipping only modestly.

And above all, I look for rich dividends. Those are getting a bad name at the moment because a rash of companies has cut payments in recent weeks. But more have increased them. Among America's 500 largest companies, 48 have boosted payments this year, nine more than have trimmed or quit them. AIG and Citigroup have seen their stock prices plummet while at the same time cutting their dividends. Even with the U.S. bailout it may be some time before their stock prices return to a level where I'll have an exit strategy.

In times like these it's very hard to ask for patience, but patience is what's needed now.

Sincerely,

Scott Spiering

PS. Please visit Scott's commentary at [www.anchorbaycapital.com](http://www.anchorbaycapital.com).