

The Guild This Month

September 2007

If you have any questions or comments, please contact:

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Important Dates:

ALL Transactions *must* be received by 10:00 am.

Transfers or Terminations:

Wednesday, September 26, 2007

Contributions:

Friday, August 28, 2007



California
Dentists'
Guild

Should I Get Out of Equities?

By Todd Johnson, President and Chief Investment Officer, World Asset Management

During the past few months I have been speaking with many investors regarding the markets. The one statement, which seems to prevail, is "Should I get out of equities?" I am surprised every time I hear this question. Before you sell your depreciated equities, please consider the following and what type of investor you are.

Two primary types of Investors

Asset allocators

Establishing an equity allocation is an important part of creating a long-term stable investment portfolio. Time horizon is an important part of creating appropriate allocation. Younger investors, with a longer time horizons, should and can have close to 100% equity allocation. More mature investors with a short time horizon, less than 5 years, should and can have lower allocations to equity.

A portfolio that is 60% equity, and 40% fixed income, prior to an equity market sell off, as an example, may turn into a 50% equity and 50% fixed income portfolio. If you are an Asset Allocator, then you must sell a portion of your fixed income position to buy equities to return to your 60% equity, 40% fixed income portfolio. To do anything different makes you a market timer.

Market Timers

If you get out of stocks due to the recent downturn or volatility, than you should label yourself as a market timer. However, to be successful as a 'Market Timer' you need to be able to 'Buy Low' and 'Sell High'. To sell after a downturn, by definition is an unsuccessful 'Market Timing' strategy.

Reasons to change your Asset Allocation

There are reasons to sell equities, but they are not at all related to the recent market movements. They relate to life changing events that have occurred in your life.

- Are you planning a major expenditure within the next few years, like a house or college education?
- Has an unexpected medical expense cropped up?
- Is your cost or projected cost of living changed dramatically over the coming months and years?

If there are no life changing events, I would encourage you to stay the course, and suggest that you return your portfolio to the allocation you have set earlier. I often remind people about what we learned after the downturn of October 1987. The ones who lost out, were the ones who sold either during or immediately after the downturn. The ones who did not adjust their portfolio did ok, but the real winners were the ones who bought equities and returned their portfolio to their predetermined asset allocation.

I recently read about the "Never Again!" Club, these are the people who

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Equities

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lost their nerve and exited with painful losses. These events occurred at other significant market lows in 1982, 1987, and 2001. As usual, people were getting out of stocks at just the wrong time.

Now is the time to take advantage of a market, which has been beaten up and is offering you great opportunities, which have not been there for years. Both types of investors, Asset Allocators and Market timers, should be buying equities after an equity market sell off. Take the

time to understand the importance and value of dollar cost averaging.

Do not become a "Never Again!" member, but stay in the "Great Opportunity Club" as an active participant.

CDG Calendar

Dental Society Meetings

9/18	San Gabriel Valley
9/19	San Fernando Valley
9/21	Tulare-Kings Dental Society
10/9	Harbor Dental Society
10/10	San Fernando Valley
10/16	Los Angeles
10/21	Southern California Academy of General Dentistry
10/23	Western Los Angeles

Informational Meetings

Tuesday, Sept. 18	Village California Bistro & Wine Bar
6:30 p.m.	378 Santana Row, #1035, San Jose
Thursday, Sept. 20	Forte Restaurant
6:30 p.m.	362 N. Camden Dr., Beverly Hills
Thursday, Oct. 18	Lamp Lighter Inn
6:30 p.m.	3300 W. Mineral King, Visalia
Thursday, Oct. 25	Shilo Hilltop Restaurant
6:30 p.m.	3101 W. Temple Ave., Pomona

2008 CDG Annual Meeting of Shareholders

April 10-13, La Playa Hotel in Carmel-by-the-Sea

Please call La Playa directly to make reservations at (800) 582-8900.

We have blocked out the entire resort for the meeting that weekend, so please make sure you are with the Guild when you request a reservation.