Quote of the Quarter

"There are really two kinds of risk: short term and long term. Short-term risk is the knot we get in our stomachs when our portfolios lose 20% or 40% in value over the course of a year or two. It is a fearsome thing. Strangely, human beings are not as emotionally disturbed by long-term risk as they are by short term risk."

-- William Bernstein - *Four Pillars of Investing*

Third Quarter 2011

Market Commentary

The chart below of the S&P 500 best sums up the market's fall during the third quarter of 2011. The S&P 500 declined 13.87% for the quarter; it is now down 8.68% year to date. The root of the market turmoil in 2011 is the financial crisis taking place in Europe. The Europe market index was down 19.6% for the quarter, now losing 17.18% year to date. The US Commodity Index is down 13.62% year to date, with oil closing the quarter at $76 a barrel.

<u>We are not Europe. We are not in 2008.</u>

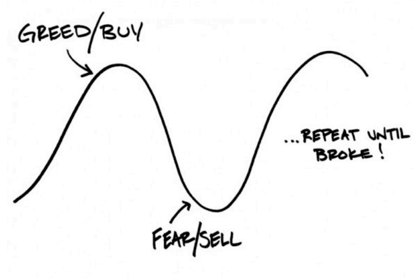
There are already many comparisons being made between 2011 and the financial crisis in 2008. There are some similarities that may line up emotionally in how investors "feel" about the market, but the numbers are very different. Today, US banks are well capitalized, and as a whole US companies are not over leveraged compared to 2008. The companies on the S&P 500 are currently trading at 10 times earnings - a buy signal, not a market crash indication.

Another comparison we often hear is that Europe's troubles are a preview of what is headed west to the US. It should be noted that the US has <u>one</u> currency. The benefit of one currency is that we control it. In Europe there are may countries sharing one currency, the Euro. This means a country that would benefit from devaluing its currency (Greece) cannot because another country might be hurt by it (Germany).

The US has one central bank that is currently working to keep rates low. Europe has many central banks that do not always agree on the same plan to return to fiscal strength. The central bank and the US government can react quickly as needed to avert crisis. The European nations have proven to be slow to react.

The European crisis certainly has shown that the world is indeed economically tied together as Asia and the US markets have been hard hit by the crisis. Just like all the other crises, investors will overact and drive prices down as fear sets in. Those that prosper are those that fight the emotional urge to bail and focus on historical data that shows staying invested in long term healthy asset classes prevails over market timing and stock picking.

Image of the Quarter



Wiser Vault Access

Please remember that if your quarterly Wiser statement is not attached with this letter it is waiting for you in your secure online wiser vault. To access the vault go to our website at www.wiserinvestor.com and select wiser vault. If you do not know your access code, please email LaTrelle Allen at latrelle@wiserinvestor.com.

MARKET DATA

MAJOR INDEX PERFORMANCE

	Quarter	YTD
Dow Jones Industrial Average	-11.49	-3.90
S&P 500	-13.87	-8.68
Barclays US Bond Aggregate	3.82	6.65
MCSI EAFE Index	-19.60	-17.18
Commodities	-11.33	-13.62

Change Your Behavior

Investor behavior is funny - investors tend to do the opposite of what they should do. When markets are up, people want to invest. The dream is to capitalize on the growth. The assumption is that the growth will continue indefinitely.

When the markets are down, however, investors want to sell. The idea is to minimize losses. The assumption is that the market will continue to lose indefinitely.

History has shown us that the market is not defined by the word "indefinitely." The market is cyclical - it's up, then it's down, then it's up again, then it's down again, and so on. Over the very long term, if you straight lined this wave pattern, the market tends to be generally up. Long term is relative, of course; the flat growth of the so-called "lost decade" shows us that 10 years is perhaps not long enough to qualify as long term.

So what is an investor to do? Do the opposite of what your emotions tell you to do. The best time to invest is when the market is down, because prices are cheap. Wouldn't you rather buy your dream home at a rock bottom price? Conversely, wouldn't you rather sell your existing home at top dollar? Following that logic, the best time to sell is when the market is up. This is how profits are made.

Some of you get this. When the market drops, you jump up and down with excitement, envisioning with glee your future profits from the investment you just made. This makes you an aggressive investor.

Some of you also get this, but your stomach still drops when the market drops. This means you're clearly a more conservative investor. Risk tolerance is defined somewhat by how much you expect to gain in an up market, but mostly by how much loss you are willing to accept in a down market.

No matter what the market is doing, you should invest at the level of your risk tolerance. And then don't change your strategy according to market movement.

Then reward yourself for good behavior.

Wiser News

Wiser Wealth welcomes Attorney, Michael Burnett to our firm. Michael will be working full time in the Wiser office offering our clients wills, trusts, corporate set up and other legal services. Michael is licensed to practice law in Georgia and Florida. We are excited to have full time legal advice within our office. If you do not have a will, now would be a great time to take advantage of this service.

Casey Smith was a speaker for the Standard and Poors Atlanta Advisor Workshop. He talked about generating portfolio yield using ETFs and how to best trade ETFs.

You can see these articles, as well as other Wiser news titles, at www.wiserinvestor.com

Your Advisory Team

Casey T. Smith
President - Principal

Sonja Gonzalez
Financial Advisor

Cam Wilbur
Financial Advisor

Michael Burnett
Attorney

Kim MacConnell
CPA

LaTrelle Allen
Client Support

678.905.4450