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Thoughts for Investors

Fall Newsletter

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“Freedom is a light for which many a man has died in darkness.”

– From the tomb of the Unknown Revolutionary War soldier, Washington Square, Philadelphia PA

Throughout all the events of the last month these words have often come to mind. I lived in the city of Philadelphia for over fifteen years and have walked by that tomb hundreds of times. Never did I imagine that the United States would again be fighting for freedom – our cherished way of life – in the twenty first century. Many new heroes have been made known to us in the past month; and many new heroes, like those of the Unknown Revolutionary War Soldier, will be known only to the Creator.

“Proclaim Liberty throughout the land and unto all the inhabitants therein.”

– Engraved on the Liberty Bell, Philadelphia, PA

Throughout our history the blood of some of its citizens has been spilled to preserve the freedom of all. Yet for a long time, until Sept 11, 2001, we haven't been called upon, together as an entire nation, to produce evidence that we deserve the freedom we all take for granted. It's time to bring freedom down from the nation's attic, polish it up, and place it front and center for all the world to see. Freedom is what unites our separate clubs, unions, political affiliations, religions, races, and states. The American flag that now flies from every front lawn, car antenna, and sports uniform is our visible symbol of this freedom. Until these tragic events, the way many of us felt like Americans was when exiting or entering the United States through customs. Now talking to strangers is a visible sign of

our solidarity. We must preserve this unity because it is the cornerstone of freedom.

“We must indeed all hang together, or, most assuredly, we shall all hang separately.”

– Benjamin Franklin, at the signing of the Declaration of Independence, Philadelphia, PA

We are beginning to act more like our forbearers, people who struggled with how to preserve the opportunity for life, liberty, and the pursuit of happiness. We must all “hang together” because all American Christians, Jews, and Muslims are Americans. We must all “hang together” because terrorism only succeeds if it drives a wedge between us, and makes us feel separated, alone, and therefore unsafe. We must not let the need for security cause us to infringe upon the freedom of our citizens such as happens with racial profiling.

“If we sacrifice freedom for security, we may find we have neither.”

– Benjamin Franklin

Acts of terrorism have crippled many countries and their economies. The stock market has experienced its share of the pain. The initial reaction was one of fear and trepidation. What will happen to the economy? What will happen to companies whose financial position is tenuous? The answer is that in the long run, the economy and most companies will adapt and survive. In the short run operating in this environment is more challenging. One might even say it's backwards. There is a better chance of knowing what might

happen in a year or two than what might happen in a month or two. For example, everyone knows that Walt Disney possesses a tremendous quantity of priceless content from Mickey Mouse, Donald Duck, Mulan, The Lion King and Pocahontas, to the Little Mermaid, Buzz Lightyear, Winnie the Pooh and Snow White. These are assets that can and will generate revenues for Walt Disney for years to come – as long as children continue to be born. And there are limited capital costs to generate those revenues. Yet in the next few months it is unclear as to how much Disney's revenues will be affected by the reluctance to travel to Disney World.

I believe a quote by Albert Einstein best describes why the events of the past month shouldn't cloud our long-term thinking. After the creation of the atom bomb, Einstein said, "This changes everything except the nature of man." Was he speaking of man's creative or destructive tendencies? Einstein says further: "There are two ways to live your life. One as though nothing is a miracle. The other is as though everything is a miracle." The economy and this country will get through these trying times. Terrorism will not succeed in derailing us. We are a country with a renewed sense of place and purpose in the world; and the world has noticed and is joining our fight. The economy and the stock market will survive, and thrive, because of our motivation, work ethic, persistence abundance of resources, and history.

Our world will survive, because children are the owners of the future, and to them everything is a miracle.

We are the most blessed nation on earth. In two short centuries we have had more than our fair share of leaders and visionaries to guide us, protect us, enrich us, and be examples to the world. Washington, Jefferson, Lincoln and Franklin; Keller and King, Einstein and Edison,

Rockefeller, Getty, Gershwin, Walton and Gates. We as a country have faced crisis before and have succeeded in turning it into opportunity – just as we will do this time with the help of God and Country.

"I have often...looked at that sun... without knowing whether it was rising or setting. But now at length I have the happiness to know that it is a rising and not a setting sun."

– Benjamin Franklin at the signing of the US Constitution, pointing to the gilded half-sun on the back of George Washington's chair, Independence Hall, Philadelphia, PA

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Hear the Other Side

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