



# MEMO

---

**Date:** September 16, 2008

**From:** Jonathan D. Weir, JD\*  
William M. Weir, CLU

**To:** WFR Clients & Business Partners

**Subject:** Economic Outlook

---

With all of the recent headlines dealing with market volatility, we wanted to offer some perspective on these events. The headlines are indeed disquieting and we want to answer a few questions that some of you may have.

**Is this as bad as it sounds?**

For years, investment markets have dealt with numerous challenges. Along the way, we have heard calls for the “end of the world” dozens of times. While there have been some stressful moments and disappointments, the financial world is still turning despite the predictions of Armageddon.

**How can you say that? This has never happened before!**

True, the specific institutions that have encountered trouble have changed. However, financial disruption and failure have occurred with some regularity over the years. Many major firms have fallen due to regulatory or financial dislocations. These firms have included venerable names like Drexel, Burnham, Lambert, E.F. Hutton and many others. While we have no guarantees for the future, the financial world as well as the “real” world continued to function and even prospered over time in each of these cases.

**Are there any upsides to this?**

Yes, but it will be difficult for many to see them. Markets are most vulnerable when participants are giddy and oblivious to risk. Over the past year markets, companies, and investors have become increasingly aware of the risks of leverage and concentration. The concepts of diversification and risk control are not new to us. Awareness of these issues is embedded in our approach.

Over time, the financial system will address excessive risk taking and leverage by companies. In a form of “creative destruction”, poorly run firms will be punished by the marketplace. Better companies and better practices will emerge. Over time, the markets can be cleansed and become stronger.

**What should I do in response to all of this?**

We at Weir take a long-term view. We do this because we know that reacting emotionally to short-term news or movements can be detrimental to long-term results. We also tend to use a broad mix of assets to build portfolios. We tend to discourage concentrated positions in financial stocks or any other sector for that matter. We strive to be mathematically based stewards of wealth. As such, our planning is designed in anticipation of volatility - not in response to it. As always, please feel free to contact us with any questions or concerns you may have.

This memo represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This memo may include forward-looking statements that are subject to certain risks and uncertainties. Actual results, performance or achievements may differ materially from those expressed or implied in the forward-looking statements. Risks or uncertainties that could cause or contribute to such material differences include, but are not limited to, general economic conditions, interest rate environment, competitive conditions in the financial services industry, changes in law, governmental policies and regulation, and rapidly changing technology affecting financial services. Market conditions are subject to change, and past performance is not a guarantee of future results. This letter does not constitute a recommendation to buy or sell any specific security. Lincoln Financial Network is the marketing name for Lincoln Financial Securities Corporation and Lincoln Financial Advisors Corp., affiliates of Lincoln Financial Group.

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Securities and advisory services offered through Lincoln Financial Advisors Corp. a broker/dealer and registered investment advisor. Insurance offered through Lincoln affiliates and other fine companies. Jonathan Weir & William Weir are Registered Representatives with Lincoln Financial Advisors Corp. Licensed, not practicing.