

David Bach | **FinishRich™**

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WAR MAY BE HELL BUT THE STOCK MARKET LOVES IT

Last Wednesday a dear friend called me because his Financial Advisor told him the DJIA was headed to 5,000.

He wanted to sell all of his stock mutual funds and wanted to know what to do. I asked him the questions I always ask; How much money do you have in the stock market? What percentage of your assets is that? When will you need that money back? Based on his answers, it was painfully obvious that he didn't need the money for years and he was lightly exposed to the stock market.

In my opinion his advisor's generic advice was worthless. Your investments don't work in a vacuum. They work for a purpose. The reality is none of us ever need to own an investment. We own investments to help us accomplish a goal, dream or purpose for the future. Investments are like gas. No one needs gas unless they want to drive somewhere or have heat. Gas serves a purpose.

IF YOU ARE GOING TO GET GENERIC ADVICE...BE SURE IT'S SOLID

The stars for a rally were lining up last week. At 7,400 the advice to sell is just bad advice. History shows conclusively that following a war, the market rallies. The last time we went into Iraq was January 16, 1991. Do you know what happened to the stock market following that? The S&P 500 went up 23.5%. The Nasdaq 100 went up 39.6% and the S&P Financials went up 42.7%. How long did it take to get those returns? 63 DAYS!

DID YOU JUST READ THAT?

In 63 days, you made the same amount of money on the stock market, that it would have taken twenty years to earn at 1%. Folks, this is why you can't time the market. The market moves in short increments, and it moves fast.

Still I do believe that you can SOMETIMES time when to BUY! Huh? Did he just say you can't time the market but you can time when to buy? YES. Last week I looked at the stock market, listened to President Bush's speech and made the same assumption many other investors made. WE ARE GOING TO WAR. They told us so. They told us when. They pointed a finger at the clock and said "go".

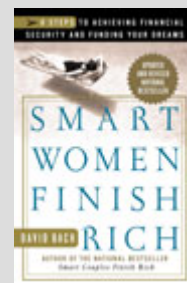
That's pretty obvious stuff. I had money I needed to invest in my retirement account (money I won't use for a long, long time). So what did I do? I went and bought the indexes. I bought the S&P Index, the Financial



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Service Index, and The Nasdaq 100. It was a fairly easy bet. Today ended the best eight day rally in the stock market in 20 years.

SO HERE'S MY PREDICTION

This market right now is moving on nothing more than emotions. Guess what? It almost always moves on emotions. Many people will start taking profits in a few hundred points. Still, I think long term the markets are going higher. Twenty years from now I'm willing to bet that I'll make more money in the stock market than in cash and bonds. But I'm not a bettor. Neither should you be. That's why having the appropriate amount of money in stocks, bonds, cash and real estate is the secret to living and finishing rich. My books really explain how to do this in simple terms so if you haven't read them, check them out [here](#).

BY THE WAY

When we went to war back on January 16, 1991, the DJIA was at 2,623! One year later the DJIA was up to 3,264 (up 24%). Three years later the DJIA was at 3,870 (up 47%). Five years later it was at 5,066 (up 93%). And today it's at 8,500! Up more than 220%. And that does not include dividends.

Hmm...something to think about.

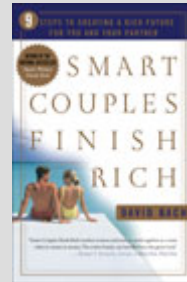
MOST IMPORTANTLY

Strip away the markets and right now we've got our loved ones in a country far, far away fighting an unpopular war. Let's send them our prayers and good thoughts and wish them a fast return home. We are so lucky to live in America! We are so lucky to have brave men and women that will do what their country asks them to do. Whether you believe in the war or not, I know you will be thinking about these men and women in the next few days, as will I. My heart aches when I see these young men and women, covered in dust, hoping to come home safely. My heart also aches for the innocent people of Iraq that got stuck in the middle of this. Let's hope our world is truly safer when all this is over. I doubt it, but let's hope. Life is complicated enough. It's a shame we can't all just figure out how to get along. You'd think we could by now. Unfortunately there are nuts out there. I live five blocks from where the World Trade Center used to be. I get to live every day with the reminder that there are people out there who hate us. Let's love each other a little more tonight at home, where we have some control. Maybe watch an hour less of the war and instead spend it talking to your family or calling a friend...could do wonders for the soul.

COME SAY HI

I'm in San Francisco and Los Angeles this week presenting Smart Couples Finish Rich. If you want to come see this great seminar for free, make sure you register fast at our [website](#). Also for Bay Area folks, you can also catch me on "Mornings at 2" on KTVU Channel 2 on Tuesday

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May 17, 2003
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Smarten Up, NY!
Learn for the Cure
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morning around 8am.

Finally, *Smart Women Finish Rich* & *Smart Couples Finish Rich* both are now Canadian bestsellers. Truly amazing, considering I was in Canada for one day to promote them. Through word of mouth, the Finish Rich program is spreading globally!

THANK YOU.

And thank you to everyone who sent us names to add to our newsletter list. Our list grew by 5% in three days. AGAIN amazing. To register your friends for our newsletter, send us their email address at success@finishrich.com and we will add them or click [here](#) to sign them up directly. If you enjoyed this newsletter or have suggestions, send your thoughts to us at success@finishrich.com. You people rock. I promise to never abuse your trust in me. I appreciate this relationship and honor you.

Live Rich,
David Bach

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