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How to Terror Proof Your Financial Portfolio

Dr. Melissa K. Luke

A wise sage once said you can know a tree by its fruits; but how would the sage identify what a terror proof financial portfolio would look like?

The likelihood of a tragedy greater than 9/11 occurring in the future is almost guaranteed. Perpetual hatred for Americans by terrorists insures the next wave of destruction will be greater as wisdom and technology emerges. Terrorist groups have embedded the values and beliefs of hatred in their children towards United States citizens; and the next generation of terrorist will be the fiercest seen to date in history. The youth of our country are attending universities to bring value to society, while our counterparts are educating their youth at the age of 7 in terrorism youth tactic camps. We can't ignore 1300 years of historic rage, and continue to practice financial mediocrity for long-term protection.

Investors typically change their financial portfolios directly after times of turmoil, which is counterproductive in most cases. The most common event is exiting the equities market to purchase debt instruments such as "A" rated corporate or municipal bonds for safety. Some short the equities market, and others withdraw completely from the market and stash their cash under the proverbial bed as was practiced after the 1920's stock market crash. Determining the effects of the economy in a crisis situation is a difficult process if not impossible. A terror proof financial portfolio is created before a catastrophe; not after. Damage comes in many shapes and forms, and the element of surprise is a terrorist playground.

The Germans used anthrax in WW1 to infect their opponents (covert biological campaign) by infecting draft horses and mules used by their allies. Once again in WWII the Germans dropped potato beetles in England's agricultural fields, ruining their primary food source. Will our future problems occur with the nations food supply chain, or will the next assault be an infection of salmonella, small pox, cyanide, or chemical and biological contamination? The debt and equities markets are directly affected by any event, and savvy investors realize these factors.

In a crisis situation, the financial markets will be impacted, and at some point it may be too difficult get to your finances. The NYSE was closed for 6 days after 9/11 and all trading was halted. Countries that are more conducive to military wartime do not take the same measures, such as Israel, which will not close their respective exchange after acts of terrorism. Monitoring financial conditions and taking some proactive steps through asset diversification can reduce the threat of these unpleasant realities.

A balanced portfolio of stocks, bonds, real estate, precious metals, and cash should be maintained at all times. In the event of a crisis situation, a perfected portfolio would include the following:

20% Stocks

20% Bonds

20% Real Estate

20 % Precious Metals (gold and silver lower grade for protection, and higher grades for growth)

20% Cash

By properly diversifying ones assets this present day, the savvy investors can avoid crippling themselves financially from one devastating event in the future.

Future issues will discuss the equities market and how to control your financial responsibilities; the intricacies of the bond market, how real estate will safe guard your financial portfolio, the introduction of precious metals, and the importance of a maintaining a relative cash basis for your household.