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BREAKING FREE—HOW WEALTH CAN HELP SAVE THE PLANET, FROM CUBA TO GREEN BILLIONAIRES

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# 05

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# “ Is there anything about your investment philosophy that has changed because of recent economic events? ”

By Lee Gordon

No, if anything, the past two years taught us the importance of a sound investment plan, which we use as the core foundation for any decisions we make for our clients' portfolios. In no year was that ever more important than in 2008, as investors' tolerance for risk was truly tested.

#### **A sound investment plan is key.**

We continue to remind our clients that the best way to weather unforeseen market turmoil is to rely on a personalized investment plan. At Mesirow Financial, we work closely with our clients to prepare an investment policy statement that is tailor-made to suit each investor's risk tolerance, asset allocation and both short- and long-term investment goals. When faced with shifting market events, our clients can feel comfortable knowing they have a comprehensive plan in place.

**Reevaluate your risk levels.** As the markets and the economy move closer to normal, we also believe it is an opportune time for investors to evaluate risk levels to see if changes to their investment policy statements are necessary.

Two points should be considered when reevaluating portfolio risk. First, the market fluctuations we experienced these past two years will likely happen again; and second, "normal" will look very different

going forward. Investors should also focus on how much they can lose in an investment rather than how much they can gain, as well as determine a comfortable level of volatility in their investment strategy.

**Minimize the risk of loss.** Tough markets can challenge investors' resolve. Those who are not comfortable with losses need a sound strategy to minimize volatility. Investors may want to consider an absolute-return strategy to minimize the risk of loss while still permitting participation in potential gains. This is especially true for high net worth investors who are not comfortable seeing large declines in their portfolio values from year to year. The greatest benefit from this sort of strategy is enjoyed during a declining or flat stock market.

**Stay with core investment principles.** The second half of 2009 can be seen as a period of recovery for most investors. Despite the ebbs and flows of the economy and market, we believe certain investment principles remain true. Most notably, investors should focus on their family's financial needs now and during retirement, establish goals that seek to achieve long-term compounding of returns, and try to avoid the daily noise of actionable trading ideas. ☺

#### **MITIGATE RISK TO AVOID A DEVASTATING LOSS**

We believe steady and slow can win the race. When we work with clients, we develop an investment strategy based on how much risk they are willing to take versus how much money they want to make. This does not guarantee that there will not be any losses, but it may mitigate risk compared to the marketplace.

In finance, the rule of 72 is a simple method used to estimate the length of time it would take to double an investment. For example, an investment earning 7.2 percent will double in value in 10 years. Likewise, an investment earning 10 percent per year will double in 7.2 years.

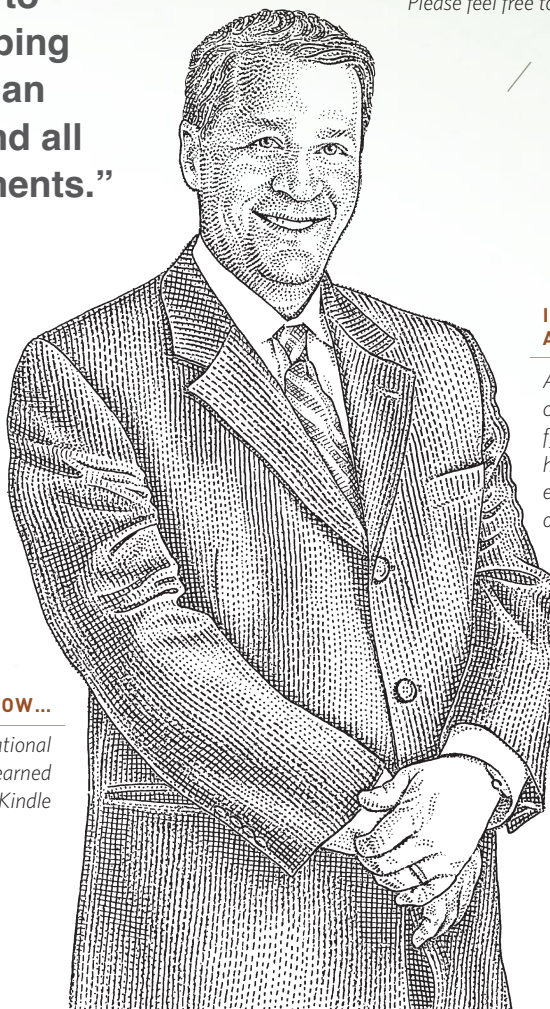
This easy method illustrates the relationship between returns and investment time frames. The critical factors are time, minimizing fees/taxes and picking sensible, long-term investments.

**“I tell my clients to focus on developing an investment plan that will withstand all market environments.”**

– Lee Gordon

### How to reach Lee Gordon

Please feel free to call me at 312.595.6175.



### IF I WERE NOT A WEALTH ADVISOR, I'D BE...

A sports psychologist working on a college campus. I find it very satisfying to be able to give advice that helps people, and I would enjoy the energy, intelligence and creativity of a college community.

### WHAT'S ON MY DESK...

Pictures of my wife and my three children skiing, and a golf ball embossed with the letters PPP—practice, patience and perseverance

### WHAT I'M READING NOW...

A variety of books, from inspirational business founders to lessons learned from business failures—all on a Kindle

## About Lee Gordon

Lee Gordon, a senior managing director with Mesirow Financial, has more than 20 years of business and investment-related experience. A former CPA, he specializes in counseling business owners, families and individuals to help them integrate their financial, tax and corporate plans with investment and risk-management strategies. Mr. Gordon holds a bachelor's degree in accounting from the University of Illinois and is an alumnus of the London School of Economics. He is actively involved in the community and philanthropic organizations in the Chicago area. He and his wife, Dana, and their three children live in Highland Park, Ill.

Assets Under Management  
**\$450 million**

Minimum Fee for Initial Meeting  
**None required**

Minimum Net Worth Requirement  
**\$2 million (planning services);  
\$1 million (investment services)**

Largest Client Net Worth  
**Confidential**

Financial Services Experience  
**24 years**

Compensation Method  
**Asset-based fees**

Primary Custodian for Investor Assets  
**Mesirow Financial, Inc.; multiple secondary custodians**

Professional Services Provided  
**Planning and investment advisory services**

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The Worth Leading Wealth Advisor admittance process is based on, but not limited to, the Advisor's experience, education, fiduciary status, compliance record, wealth management services, methods of compensation and scope of current business. In order to be considered for the Worth Leading Wealth Advisors Program, financial professionals must be willing to provide complete and full disclosure to investors so that independent analysts from Paladin Registry can thoroughly screen and evaluate their credentials, ethics and business practices. Once admitted, Advisors pay a fee to be included. Investors and potential investors are solely responsible for the decision to select particular Advisors.

  
**Mesirow Financial**<sup>®</sup>

Independent Minds.  
Innovative Solutions.

**About Mesirow Financial**

Mesirow Financial is a diversified financial services firm headquartered in Chicago. Founded in 1937, it is an independent, employee-owned firm with more than \$37 billion in assets under management and 1,200 employees in locations across the country and in London. With expertise in Investment Management, Global Markets, Insurance Services and Consulting, Mesirow Financial strives to meet the financial needs of institutions, public sector entities, corporations and individuals. For more information about Mesirow Financial, visit its Web site at <http://www.mesirofinancial.com/>.