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# Thoughts for Investors

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***“Profit is useful if it serves as a means towards an end.... Once profit becomes the exclusive goal, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty.”***

– Pope Benedict XVII, “Caritas in Veritate”, July 2009

Rediscovering Our Moral Compass:  
Progress before Profit,

I believe these words are at the heart of identifying the cause of today’s global economic ills because lately it seems mankind has made the reward of profit the sole endpoint of human activity. I believe these words also contain the answer to how to repair today’s economic ills. Profit is not bad, yet I believe progress of mankind (the common good) should be the endpoint of human activity instead. Profit should be the reward for achieving progress. In this newsletter, while I offer no specific solutions to the current economic crisis, I will discuss Three Steps that, I believe, need to be adopted to aid in resolving our current global economic ills.

***“Do not follow where the path may lead. Go instead where there is no path and leave a trail”***

– Ralph Waldo Emerson

There is no shortage of ink spilled on the topic of today’s global economic crisis, particularly its causes. Yet when it comes to the solution, the world is still in a quandary. Confusion exists because the world is looking in the wrong places for an answer. Pope Benedict points out that in the past the “creation of wealth could be entrusted to the

economy, and the task of distributing it could be assigned to politics”. With the ascent of “globalization” the model needs to be updated. Wealth (or profit) is now created worldwide, “while the authority of governments continues to be principally local”. When governments endeavor to extend their reach beyond their borders, they are often met with resistance from other governments trying to do likewise. For example, most governments like to export autos but they would prefer not to import them as that takes away from domestic employment. Consequently, if we global citizens rely solely on government to solve our problems, the exercise will be doomed to fail, in addition to wasting valuable capital. According to Benedict, “The people themselves have the prime responsibility to work for their own development.” Accepting responsibility for ourselves and our actions is Step One in solving our global economic ills. By accepting responsibility, we inherently also acknowledge that we are capable of finding the solution as well. Taking action ourselves, seeking progress for mankind before profit is the natural course. Bill Gates, Thomas Edison, Madame Curie, and Sam Walton all put progress before profit and are the names history remembers. Bernie Madoff’s actions will be remembered but his name will soon be forgotten.

***“Try not to become a man of success but rather to become a man of value.”***

– Albert Einstein

Step Two in solving our global economic ills is the rediscovery of our moral compass. Benedict refers to

the concept of “relative truth” or as Bill Clinton said, “It depends upon what the meaning of the word ‘is’ is”. The rise of globalism (which is not going away) makes it very difficult to tell if your actions locally are harming someone half a world away. Cultural differences make it even more difficult. However complicated it may be though, many people can sense when they are not “doing the right thing”. For those circumstances that are truly too difficult to judge, there are courts.

Benedict mentions the creation of “institutions” which were thought to be “sufficient to guarantee the fulfillment of humanity’s right to development”. I have long maintained that institutions, corporations, and financial entities are nothing more than collections of individuals and thus are ultimately bound by the same moral guidelines and responsibilities as the individuals themselves. “Institutions” cannot be used as places to hide from our individual responsibilities to each other. “Wall Street” has been identified and pilloried as one of the culprits of today’s economic problems, and “Main Street” has been identified as the victim. Yet both these terms describe “institutions” of people. Neither would thrive (nor maybe even exist) without the flow of capital between them and the symbiotic relationship that benefits both. Therefore, both deserve credit and blame for today’s problems and both need to work towards putting progress before profit. The cornerstone for all progress is trust. In the stock market, mutual trust between buyer and seller is the reason why billions of dollars of stock can be exchanged on a handshake. Trust between “Wall Street” and “Main Street” is evident when financial advisors work in their client’s best interest. It was through “Wall Street” that “Main Street” was able to invest in Bill Gates and his fledgling company Microsoft in 1986. Since then, profits earned on invested savings have been used for decades to pay college tuitions and provide retirement income.

Like “institutions”, technology can be added to the list of abused economic tools. Throughout history, technology has been a wonderful aid to the development of mankind. However, when technology is used to create instruments that mankind uses solely for the rapid, short-term creation or collection of wealth, or for speculation purposes, this is again, in my opinion, putting profit before progress to the detriment of mankind. Benedict puts the blame squarely where it belongs, “It is man’s darkened reason that produces these consequences, not the instruments, per se.”

***“Failure is the only opportunity to begin again more intelligently.”***

– Henry Ford

In summary, as a result of this recession, down stock market, and seemingly never-ending barrage of negative media, many investors have become emotionally drained and ready to give up. Rather than listening to unknown pundits, I believe it is more worthwhile listening to those people whose achievements history has chosen to remember. I have repeatedly urged investors that before they give up because today’s problems seem insurmountable. Though today’s economic lessons have been among the most costly in history, Step Three is remaining confident that there is hope for the future. The world has been given great quantities of natural resources and humanity has been given great quantities of intellectual resources. I have often said that I will fear for mankind’s ability to progress only when I am convinced that we have exhausted the capacity of the human brain. Until that time comes, humanity will not only continue to possess the (economic) ability to “dig ourselves out of the hole we have fallen into,” more importantly, it will allow us (humans/consumers) to follow up that economic activity by reaping bountiful new harvests of achievement. We must not let this opportunity to learn go to waste. It is our duty to discover and to use these natural and intellectual

resources wisely and truthfully. If we are effective at doing so, we will be more than able to pay back the increased debts we have incurred recently. If we put all our energy toward the progress of humanity first, profit will be one of our many rewards.

***“Truth, like love, is neither planned or willed, but somehow imposes itself upon human beings.”***

– St. Augustine

## AUDI PARTEM ALTERAM

*Hear the Other Side*

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