

August 7, 2011

Dear Symmetry Investor,

On Friday, Standard & Poors reduced its rating on US debt by a single notch, from AAA to AA+, which means from “Extremely Strong” capacity to meet its financial commitments to “Very Strong.” When an unprecedented event like this occurs, reactionary thinking seems inevitable. Many investors, spooked by the months of political posturing and media hyperbole surrounding the debt crisis, will view this latest news as disconcerting. We, however, strongly urge those considering a move out of the markets to consider the following:

- Moody’s and Fitch, the other two major credit rating agencies, had actually just affirmed the AAA US credit rating.
- US debt is still one of, if not the, least risky asset in the world. Ironically, this downgrade could have a greater impact on the stock market than on actual Treasuries, which still represent a safe haven asset.
- The downgrade of US debt by Standard & Poors was not a surprise. The prospect of a downgrade has been around since S&P issued a negative outlook on US debt back in April. The reason for the downgrade – essentially the size of the national debt and political brinkmanship – has also been quite well known to market participants. Thus, the market has already priced in at least some of the impact of this action.
- It is not in the best interest of long-term investors to sell out in a panic and get back in during the resulting buyback. We believe that this announcement has all the makings for just such a response by many unfortunate market participants.

An investor has to remain in the market to earn the market’s return. For those whose long-term risk tolerance and liquidity needs have not changed, and who are contemplating a market timing move out of equity markets, we can only say: long-term investors should not make a change to their portfolios unless there has been a change in their risk tolerance, time horizon, or financial condition. We believe those who follow the herd out at the lows and back in at the highs will drastically diminish their long-term return potential.

Above all, know that Symmetry has no plans to make tactical changes in your portfolio. We will continue to manage your assets in the manner that you have hired us to do and come to expect – with a clear head and without knee-jerk reactions that are more likely to harm your long-term returns than help them.

As always, Symmetry believes in a long-term investment approach and not in reacting to short-term market news. We are here to support you and your advisor and are working hard to make sure you have the best possible investment experience.

Sincerely,



David E. Connelly, Jr. and Patrick A. Sweeny
Principals, Symmetry Partners

Symmetry Partners, LLC is an investment adviser registered with the Securities and Exchange Commission. With the investment strategy mentioned here, as with any investment strategy, there is a possibility of profit as well as loss. All data is from sources believed to be reliable but cannot be guaranteed or warranted.