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Why Gold, Silver, Oil and Pork Bellies can be Harmful to your Wealth

Schorpp Capital Management has not invested in the recent commodities boom. As an investment management firm it can be hard to watch as commodities continually hit new highs. Why have we decided not to participate in such hot markets as gold and oil? The first answer is we believe that the price of commodities are based on supply and demand which are driven in part by geopolitical events. It's very hard to forecast the price of commodities in the future. The answer as to why the price of gold has skyrocketed in recent years can be hard to grasp as many

experts have given their various reasons why. We feel that we would rather invest in businesses that have humans at the wheel driving the company to higher and higher profits. In that way we have the edge over commodity investments. The second reason we stay away from the commodities markets is the volatility associated with these markets. It is possible for these markets to lose ten percent of their value in one day. That would be a kin to the Dow Jones losing 1,200 points in one day. For every one of our clients that is too much risk for their portfolio.

To summarize, it's not that we are against the outsized returns or diversification commodities provide it's really the inherent characteristics of commodities we are against. Besides, historically commodities have under performed the stock market.

Over the past year the price of oil has been a hot topic along with the price of gold. We're not market timers but the attention being paid to these commodities to us indicates we might be nearing the highs barring any unforeseen geopolitical events.

New Performance Reports

We continually strive to invest in and improve service to our clients. Please notice the new performance reports. We've contracted with Schwab Performance Technologies to deliver to you more comprehensive

and accurate reporting. We know that performance is one of the most important metrics we are measured on. Please take the time to review the reports. If you would like to see anything different on the reports please

don't hesitate to call Doug. Next quarter you will see a new billing report. There's not much to say about the dismal 1st quarter performance. The environment was difficult and we are looking forward to better times.

Tip of the Quarter

Rates on CD's are very low now. Check out the advantages of investing in a fixed rate annuity in a non-retirement account

1. *A fixed rate annuity in most cases will provide a higher rate of return than CD's. A fixed rate can be about 6.5% vs. 3.0% for CD's.*
2. *The return on an annuity is tax deferred. The income on a CD is taxed every year as interest.*
3. *Money is locked up for the length of the CD with withdrawals prior to maturity subject to penalties. 10% of Cash Value can be withdrawn each year in an annuity.*
4. *There are surrender charges with annuities if the investor decides to withdraw more than 10% a year. Please keep your surrender period to 8 years or less.*
5. *Fixed annuities are suitable for a portion of your available dollars. Because of a lock up period always keep liquid funds on hand.*

1st Quarter Performance of Various Asset Classes

SPY (S&P500)	-11.03%
QQQQ (Nas100)	-17.26%
DJIA	-8.06%
Russell 2000	-11.32%
Hang Seng	-17.8%
10yr. Treasury Interest Rate	-13.33%
USO US Oil Fund ETF	+5.14%