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Fundamentally Sound!

Fears regarding the long-term prosperity of the nation's many sound companies make no sense. These businesses will indeed suffer earnings hiccups, as they always have. But most major companies will be setting new profit records 5, 10 and 20 years from now. Let me be clear on one point: I can't predict the short-term movements of the stock market. I haven't the faintest idea as to whether stocks will be higher or lower a month — or a year — from now. What is likely, however, is that the market will move higher, perhaps substantially so, well before

either sentiment or the economy turns up. So if you wait for the robins, spring will be over.

That was an excerpt from an op ed piece from Warren Buffett in the New York Times, October 16, 2008. I'm glad to be in his camp. We've been through almost a year of heavy selling. Selling that started well before our serious economic problems fully revealed themselves. Before we see the headlines in the papers and more positive economic stories on the TV the market will already have begun its new leg up.

To put where we've

come from into some historical perspective this bear market ranks up near the top as far as price correction. The markets have lost about 50% in value. Compared to the bear market of 2001, 1973, and the 1930's only the 30's booked more losses. The market in the 30's had a tremendous run up in prices before the crash, about 408%. We did not see such a run up in prices preceding this bear. Schorpp Capital along with Mr. Buffett expect stocks to outperform bonds over the next ten years. By sticking to the long term game plan we will be winners.

3rd Quarter Review

Our first priority as an investment advisory and financial planning firm is to develop prudent and long term investment strategies. This market has tested us along with all of our clients as to

whether we have taken a prudent course. We believe we have. All portfolios at Schorpp Capital Management have been designed to meet each clients specific needs. We've taken great care to

match our clients risk tolerances with their growth needs. The market tests our conviction but, we remain optimistic about the ability of equities to return a premium to US Treasuries.

Tip of the Quarter

Don't Fall for IRS Related Scams

1. *Scam—Rebate phone call. Callers tell potential victims they are eligible to receive a rebate. Then they ask for bank account info for direct deposit purposes. The caller says if you refuse to divulge this info they will deny the rebate*
2. *Scam—Tax refund e-mail. The e-mail will provide a link for people to claim the refund which is in the \$100-\$400 range. The link will take you to a bogus form and ask for personal information.*
3. *Scam—Audit E-mail. Taxpayers receive an e-mail warning that their federal tax return will be audited. A link will then send the victim to a form to enter their personal info..*
4. *Scam—Check Verification call. Someone posing as an IRS employee will tell the taxpayer the IRS sent them a check that hasn't been cashed. The caller then asks for the taxpayers bank account info.*

The bottom line; the IRS corresponds with taxpayers through the US Postal Service.

3rd Quarter Performance of Various Asset Classes

SPY (S&P500)	-9.05%
QQQQ	-16.3%
DJIA	-5.30%
Russell 2000	-1.92%
Hang Seng	-22.7%
10yr. Treasury	-3.90%
Oil Futures	-33.6%