

EXCERPT FROM CHAPTER 7: REBALANCING INTO THE NUCLEAR WINTER

Day 5: 8:30 a.m., War Room

Greedo couldn't believe his ears. He wondered if his partner was suddenly gun shy. "You're telling me that you want to keep almost \$2.2 million out of the bond market. For real? Or are you just trying to give me a heart attack?"

Neo held his ground. It was something he finally learned to do with the strong-willed brother of his wife. "Yep. We keep \$2,175,000 in US Treasury bills--spread out between six month maturities and twelve month maturities.

Greedo said, "I don't get it. That money can work harder for us by putting it in corporates or munis or LEAPS--anything but Treasurys."

"Let's not make the same mistake as other investors," advised Neo. "They always go for the immediate increase in yield."

Greedo wasn't happy. He wore the badge of the Yield Hog proudly. "Do you know how much it will cost us in below market yield--"

"It will cost us \$65,250 if we keep the entire \$2,175,000 on the bench for a whole year, assuming the T-bills return on average three percent less than our other short-term investments."

Uncharacteristically, Greedo thought for a moment before speaking. "Hmmm. So \$65 grand is the price we pay for the liquidity we need to take advantage of these opportunities you think will come our way. So, what are they?"

Neo reluctantly set down his whole wheat, bored out bagel. "Don't know yet," he said matter of factly. "But they'll come. Always do. Only most investors won't have the cash to invest in them. We'll have dry powder to take to the fight for exceptional yield. Extraordinary yield."

“Got it,” said Greedo. “Why settle for a single on the first pitch when you can run the count full, then jump on a home run?”

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