



Acre of Diamonds

The following story is one about unrecognized values:

An African grew wearier working his farm day after day when rumors reached him of other farmers who had made great fortunes by discovering diamond mines. He decided to sell his farm and spend the rest of his life traveling the African continent in search of diamonds. Unfortunately, he found none. Depressed and miserable, he decided to take his own life and cast himself into the sea.

Years had passed, and the man who bought the land from the farmer was walking across a creek on the property when he noticed something shiny below the surface. Its prism-like reflection caught his eye. He thought it was a crystal. Unable to distinguish its value, he— not bothering to examine it further—took the odd-shaped stone to his home and placed it on the mantle of his fireplace.

Sometime later a friend came to visit, saw the stone, and under close examination was awestruck. “Do you know what you’ve found?” the visitor asked excitedly. It turned out to be one of the largest diamonds in all of Africa. The creek bed was full of them, some smaller in size yet equally as brilliant.

The first farmer had owned property that contained some of the largest diamonds in all of Africa. Yet, he sold the land, for pennies on the dollar, to look for diamonds in other places. If the first farmer had taken the time to study and learn what diamonds look like in their rough state—as well as searched the property thoroughly—he would have been rich beyond his wildest dreams.

Even at this very moment you may be standing in the middle of your acre of diamonds and failing to recognize it.

It may be helpful to think of diamonds in their rough condition as a hidden treasure. The uncut diamond appears opaque, similar to a solid lump of molten glass, and hides its real value from the observer. That diamond may stand as a metaphor for the current state of the financial markets and the economy. The recession that started eighteen months ago has presented many obstacles to our financial stability. It appears like a barren landscape, hard to traverse and with no clear path to follow. However, it may be disguising financial opportunities available to us because the good news is hidden below the surface of the water like the diamond in the creek. The condition of the economy painted by the media makes it appear very bleak. However, similar to an uncut diamond, when we carefully examine the current financial malaise, we will discover that hidden within the negative news may lie an enormous opportunity to create wealth. The metaphor for the hidden value in an uncut diamond provides us with a paradigm shift, one in which we approach planning for our future in a new and different way. By changing our perception from one of scarcity and fear to one of opportunity and change, we give ourselves another way to recognize value in something that to others appears valueless; like a diamond in its rough state, we are able to identify the hidden gem. By buying at the bottom, we are creating the opportunity for future wealth and financial freedom.

I am suggesting that a total shift in perspective contains the seeds for enormous growth opportunities that can significantly enhance not only our investment opportunities but our client/advisor relationship as well. If we begin with a discussion of the financial landscape today and the potential impediments along the path we travel to discover our acre of diamonds, we can first examine recent speeches by Federal Reserve Chairman Ben Bernanke where he has indicated the recession appears to be subsiding and the economy is on the mend. These observations are helpful because they tend to instill confidence in our financial system and make investors more secure in taking on risk. There is also the wealth effect investors experience when their portfolios increase in value. This leads to a propensity to spend; in addition, lower interest rates, for example, have also been a catalyst in making real estate markets in certain areas of the country more stable and attractive to new buyers.

Even the stock market as measured by the S&P 500 has climbed over 35% from the lows reached in early March (as of June 15th). I believe this market turnaround provides an important shift in sentiment and could indicate that the worst of the recession is behind us. More important are the compelling values available to us that we may fail to recognize. Legendary

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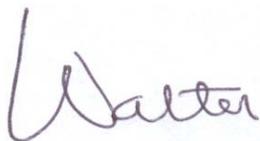
investor Warren Buffet said, "Price is what you pay; value is what you get." Recognizing value is key. For those with a long-term outlook, now is the time to find this hidden value. Now is the time to invest for the next five years. Now is the time to build reliable portfolios with the belief that they will provide income that keeps pace with inflation and at the same time reduces risk.

Perhaps there are no guaranties in life, especially when it comes to investments and finances. But there are commitments we can make to this strategy to find values that are purposive, each building on the other. Embedded in them are the seeds of growth and prosperity which at first may appear to be elusive and misunderstood but, like a diamond in its rough state, is really a blessing in disguise. Our financial freedom lies in committing to work together toward these hidden treasures and ultimately to uncover our own acre of diamonds.

Paragon Capital Management Bits and Pieces

You may have been contacted recently by the voting proxy service firm The Altman Group, soliciting your vote for an upcoming shareholder meeting of the Dimensional Funds. Items on the ballot include approval of a board of directors and standardization of prospectus language across all funds to improve efficiency. These changes are being proposed to benefit you as an investor in the Dimensional funds. I would encourage you to vote if favor of the proposals by calling 1-866-721-1618. It will only take a few minutes and would facilitate the proxy voting process.

June is here. It's time to enjoy the warmth and sunshine that summer brings! Best wishes to you, your family and friends.



Walter Wisniewski, President
CERTIFIED FINANCIAL PLANNER™ practitioner
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