

“DIVERSIFICATION”

A hard look at what it can mean!

Very often when dealing with my stock broker(s) or financial analyst(s) (however they wish to be labeled in today's world) the subject of diversification is mentioned and touted and hashed to death without any variation except a straight forward add some bonds to your stock portfolio - and then I think -

Perhaps I am a conductor or a composer writing some music (not a bad analogy since investing is often touted as an art) and I am writing some

piece for a string quartet - to me to diversify might mean to add a stringed instrument perhaps not used too often in the usual string quartet - such as a harp or a harpsichord - and this may add a distinctive and delightful flavor to the piece that I am writing - but do you think I would ever think of adding a tuba or a trombone to a string quartet?

How about adding a violin or group of stringed instruments to a marching band playing on a football field - Oh I am sure that it can be done but hardly something that the fans - the cheerleaders or the players on the team would get any enjoyment or inspiration from - (the object and purpose of the music provided in that setting and environment).

To translate that to the investment world

- the art of an individual investor if he is investing in companies is as individual to that investor as it is if an investor is investing in a business of his own creation-

For example, a photographer can invest in many different ways to secure many different types of assignments such as - advertising, pr, weddings, portraits, headshots, and the like as well as personal artistic endeavors of expressions which may span worlds of various subjects and even abstracts of these subjects, and while his investment in time and effort in these many different types of commercial assignments as well as in his creative pieces may take an entire lifetime to create and he may be extremely successful in accomplishing his goals in the directions of either fame, fortune, or

both, he at the same time may never ever be required or ever have the desire to photograph a sports event or the battles of soldiers during a war.

And so I ask, for the sake of understanding - what is the purpose of talking about diversification in investments if there is absolutely no understanding of what the client's understanding(s) or goal(s) or idea(s) of investing are - what shaped them and how he intends to reach that (those) objective(s)?

“Diversification within a Niche”

Now let's just say that we are in the business of baking cheesecake.

After perfecting the process of baking the basic cheesecake itself and building up a steady clientele the baker can begin to add various flavors to his cheesecake in order to both grow his product's interest to both his existing clientele and perhaps to an even wider market.

He may also begin to acquire the facilities and systems to produce the individual ingredients both for the basic cheesecake and the ingredients for the additional flavors to be added - He may acquire some chickens for the eggs, some fields to grow wheat for the flour as well as some mills to grind the wheat into flour. and he may begin to grow grapes and raspberries and, peaches and apples to add to the mix.

Here is the basic initial step for diversification within the industry of baking cheesecakes.

“DIVERSIFICATION IN PHOTOGRAPHY”

WHILE I WOULD LOVE TO CONTINUE MY DISCUSSION ON DIVERSIFICATION TALKING ABOUT CHEESE CAKE BAKING AND OTHER FIELDS OF ENDEAVOR, I WILL NOW SWITCH OVER TO THE SPECIFIC FIELD THAT I AM INVOLVED IN AND HAVE BEEN FOR MOST OF MY LIFE.

SINCE I HAVE BEEN PHOTOGRAPHING SINCE THE AGE OF EIGHT AND I AM AT THE PRESENT TIME OF THIS WRITING 55 YEARS OLD, THAT GIVES ME A RATHER SUFFICIENT TIME TO EXPERIMENT WITH THE OUTER REACHES OF DIVERSIFICATION IN THIS LINE OF WORK AND TO WHAT EXTENT I CAN DIVERSIFY AND REMAIN RELATIVELY COMPETENT (AND THEREFORE SUCCESSFUL) IN THOSE ENDEAVORS THAT I DO TAKE ON.

WHILE THERE ARE MANY MANY VARIOUS

WAYS TO GO WITH DIVERSIFICATION AS I HAVE MENTIONED IN THE PREVIOUS TWO PIECES DEALING WITH THIS TOPIC, I HAVE FOUND THAT A CERTAIN LIMIT ON THE SPECIFIC ACTIVITIES THAT I PARTAKE IN WHILE CONDUCTING MY BUSINESS ALLOWS ME TO FOCUS ON ACHIEVING A MAXIMUM SUCCESS RATE AND THEREFORE HAS ALLOWED ME TO STAY IN BUSINESS THESE PAST 29 YEARS.

FOR EXAMPLE (AND THERE IS ONLY ONE GIVEN HERE FOR BREVITY), WHILE I HAVE FOUND MANY PEOPLE REQUESTING IF I AM ABLE TO VIDEO TAPE THEIR EVENTS AND THIS IS A FORM OF DIVERSIFICATION THAT I COULD COCIEVABLY TAKE ON ON A COSISTENT BASIS, IT REQUIRES A TOTALLY DIFFERENT SET OF SKILLS, EQUIPMENT AND AS SUCH A GREAT DEAL OF CAPITAL OUTLAY OF IMMENSE PROPORTIONS IN RELATION TO THE POSSIBLE INCOME THAT I MIGHT HOPE TO ADD TO MY BUSINESS BY DOING SUCH WORK. AND THUS EVEN TO THE EXTENT THAT I COULD CONCIEVABLE OUTSOURCE SUCH WORK, IT IS NOT FEASIBLE FOR ME TO DO SO WITHOUT CHANGING MY ENTIRE

FOCUS FROM TAKING PICTURES (AND NOW CREATING ABSTRACT IMAGES FROM THEM MYSELF - ANOTHER FORM OF DIVERSIFICATION WHICH DOES FIT IN WELL WITH MY SCHEMA OF PHOTOGRAPHER AS ARTIST) TO HIRING AND MANAGING PEOPLE ALONG WITH ALL OF THE ADMINISTRATION SKILLS AS WELL AS ADVERTISING EXPENDITURES IN ADVERTISING AND MARKETING NECESSARY TO DO SO THAT GO ALONG WITH AN EXPANSION IN THAT DIRECTION.

THEREFORE, I HAVE ALLOWED MYSELF THE PLEASURE OF EXPANDING IN THE FIELDS OF ACTUAL STILL PICTURE TAKING THAT THE CLIENTS WHO HAVE COME TO ME FROM MY HIGHLY FOCUSED (AND EXTREMELY COST EFFECTIVE) MEANS OF ADVERTISING BY HANDING OUT MY BUSINESS CARDS HAS BROUGHT TO ME.

A PORTRAIT OF AN INDIVIDUAL MAY LEAD, FOR EXAMPLE, TO A NEED FOR AN APARTMENT FOR SALE TO BE PHOTOGRAPHED AS WELL AS A NUMBER OF ART PIECES TO BE PHOTOGRAPHED FOR

**BOTH DOCUMENTATION AND
REPRODUCTION.**

**TO THIS EXTENT OF EXPANSION AND
DIVERSIFICATION I FIND MYSELF JUST
ABOUT COMPETENT AND ABLE TO GIVE MY
CUSTOMERS BOTH A RATHER EXCELLENT
QUALITY WORK AS WELL AS A VERY
REASONABLE PRICE TO HELP THEM IN
THEIR PERSONAL AND BUSINESS LIVES
SINCE THE CONTINUED SUCCESS OF ALL
CONCERNED IS IN MY BEST INTEREST AND
THEREFORE I DO HAVE CLIENTS WHO ARE
STILL WITH ME AND WHO WERE THERE IN
MY INITIATION OF MY BUSINESS BACK IN
1976.**

“Diversification and My Current Investment Program”

Applying the ideas learned in my

photography business to investing has been till this point rather simple.

I had decided to begin and remain in the limited area of common stock investment so that I might become proficient in understanding the different forces involved in such a practice. Thus over time I have developed a gradual knowledge of the up and down swells and swoons of the markets and the individual shares in various industries that make up these markets. I have also begun, rather gradually, to understand the unique properties of the movements of each individual company stocks those which I have chosen to invest in not only to make a profit or increase in value from but from my own unique perspective, because I wanted very much to own parts of each and every

one of those companies because of what they produce and how their products tie into the entire picture of the lives of individual people in an entire picture of life as only I am able to view it for myself.

Although this perspective and reasoning is totally unique to me and not even yet explainable by myself to myself let alone to any outside readers, I have attempted to give the readers here a brief comparison of the shortness of the timeline in the investment project that I am involved in (relative to my adventure in photography) and just how this is the simple reason that the development of my methods and skills in utilizing the "tools" of investing known as common stocks are yet to be mastered by me, and that this skill mastery, just as photography, will develop even more so

over time as I continue to utilize these tools.

The only great difference that I am aware of in the case of my investing program is that my clients or customers are removed and shielded from my own personal actions by a thick layer of management and employees in each of the companies that I invest in and for that reason alone, I am in these cases at the mercy of forces which at this point in time (especially with the small amounts that I have invested in each one of the companies that I have purchased shares in) seems to be a prudent way of proceeding.

Over time, and with an increase in my percentage of holdings of shares in each one of the companies I am investing in I

may (or may not) wish to take a more active role in the management aspect of any one or perhaps even a few of these companies I am referring to.

This will yet be determined at a much later date and time in my investing time line.

"Diversification with One Image"

Just as this particular document that I am writing at this moment can be expressed an infinite number of times with the same words,

same punctuation marks and even the same colors, it is definitely true that with a simple variation I definitely can change yours or anyone's perception of what I am saying by changing the type face or type style that I am writing this with.

In photography, I am able to take an image that is in color and change the colors infinitely, change the hues

infinitely, desaturate the image to the extent that it begins then to approach the form of Black & White or a Sepia tone color and even though I would be dealing with the same exact image in the infinite variations as I approach that point - I would be saying something totally different with each individual presentation.

Likewise, in the field of

investing, a person's perception of what his purchase and ownership of a particular security or shares or stocks of a company means to that particular individual can change instantly morphing into an infinite number of variations thus changing the whole concept of investing for that investor as many times as there are variations, despite the fact that he is still

*invested in the same exact
company.*

**“FURTHER DIVERSIFICATION
OF ONE IMAGE INTO THE
INFINITE”**

**WITH TODAY’S TECHNOLOGY
IT IS NO LONGER NECESSARY
TO RESTRICT ONESELF TO
WORKING ONLY WITH ONE
IMAGE AND THE INFINITE
VARIATIONS THAT ARE
POSSIBLE BY MANIPULATING
OR VARYING THE DIFFERENT
QUALITIES OR ELEMENTS**

THAT GO INTO MAKING UP
THE ORIGINAL VERSION OF
THAT IMAGE, BUT BEYOND
THAT, ANY SINGLE IMAGE
CAN NOW BE TRANSFORMED
INTO AN INFINITE NUMBER
OF NEW OR
UNRECOGNIZABLE IMAGES
AS WELL AND THEN AN
INFINITE NUMBER OF
VARIATIONS CAN BE
CREATED FROM EACH ONE OF
THOSE INFINITE NEW
IMAGES AS WELL THUS WE
ARE ACTUALLY ABLE TO
WORK WITH AN INFINITE SET
OF INFINITE IMAGES ALL

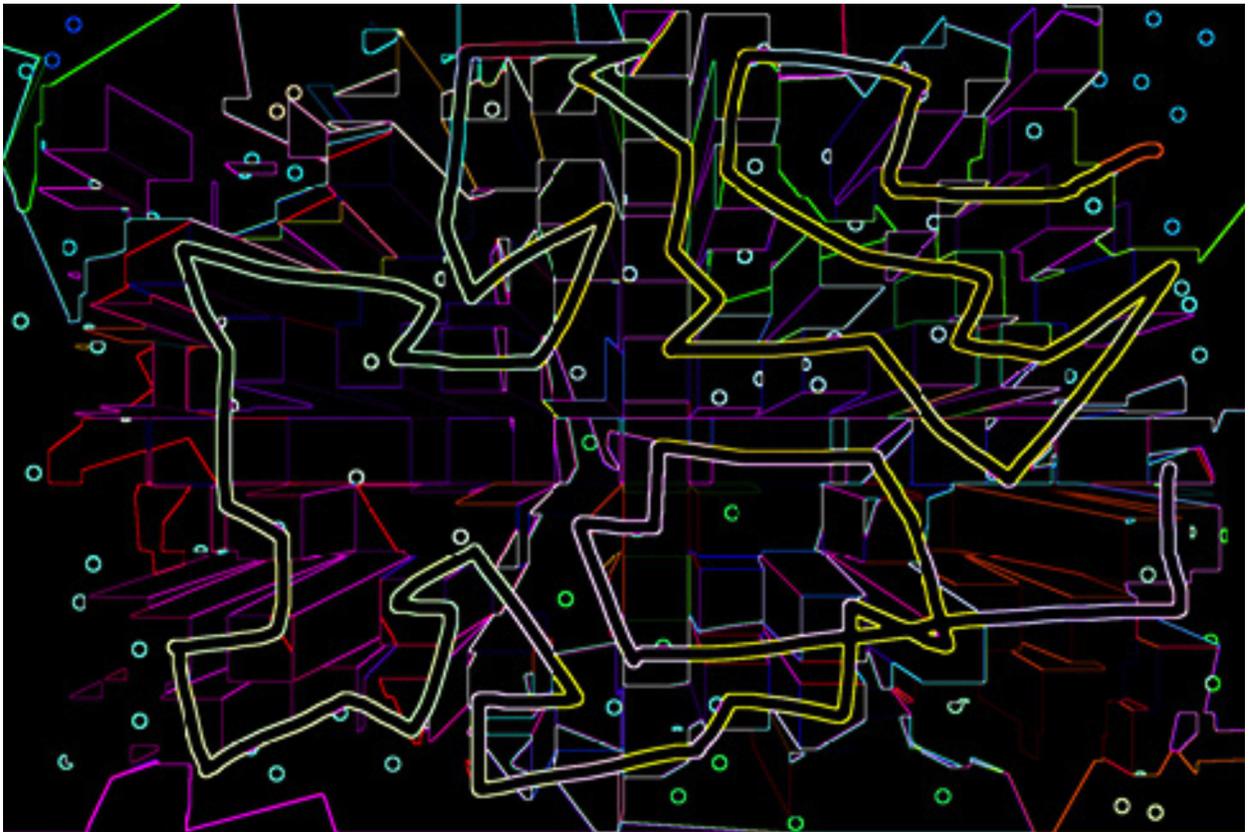
CREATED FROM ONE SINGLE ORIGINAL IMAGE.

LIKEWISE IN INVESTING, THE INDIVIDUAL STOCKS THAT AN INDIVIDUAL PURCHASES AND HAS IN A PORTFOLIO PRODUCE A CERTAIN MIX THAT CAN BE CONSIDERED SPECIFIC TO SUCH A PORTFOLIO WHICH IN TURN EXHIBITS A UNIQUE PERFORMANCE DEPENDING ONLY ON IT'S SPECIFIC AND UNIQUE MAKE-UP. IT IS POSSIBLE AS WELL TO PREPARE OR CREATE AN

INFINITE NUMBER OF PORTFOLIOS, EACH WITH A DIFFERENT MAKE-UP OR MIX OF SHARES IN DIFFERING PROPORTIONS WHILE EACH ONE OF THESE INDIVIDUAL AND UNIQUE PORTFOLIOS WILL HAVE A UNIQUE PERFORMANCE CURVE DEPENDING ON IT'S OWN UNIQUE MAKE-UP AND PERCENTAGE OF THE SHARES OF COMPANIES THAT IT IS MADE UP OF.

HERE WE ARE DESCRIBING DIVERSIFICATION TO A

**DIFFERENT EXTENT OR IN
OTHER WORDS ANOTHER
INFINITE SET OF INFINITIES.**



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