

April 19, 2012

1 in 176 million – Odds of winning the 03/30/12 \$640,000,000 Mega Million jackpot.

For a time, nearly every spring, the large crab apple tree in my backyard explodes into a giant pink bouquet. This year, after the buds had ripened to a deep purplish hue, they were threatened by a brief snow storm but, fortunately, remained intact. The day after the snow, I stopped by my house during lunch and saw the buds had been coaxed open by the shining sun. As I walked toward the tree, I could feel my eyesight sharpen with the vivid contrast of the pink flowers against the blue sky. And then I heard the hum. I ducked under the canopy of branches and flowers and was enveloped by the vibrations of the buzzing bees and wasps.

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The intensity of spring is an amazing part of the innate drive of all life to thrive. In the 2008-2009 financial/economic collapse, even as I saw that drive suppressed by fear and uncertainty down to a level that I had never seen before, I knew that it would rise up through the first cracks it could find. Three years later, in the first quarter of 2012, while there is still fear and uncertainty (and frustration) reflected in our tepid employment and economic/GDP growth, I can also feel the United States' drive humming in healthy corporate profit margins, in auto sales, in home improvement sales and in many anecdotal stories of small business successes. What makes the underlying strength in our economy particularly impressive is that it is occurring while the real estate market is acting as a drag rather than in its traditional role as an economic recovery catalyst. In all, it is evident that the majority of people in the U.S. have not been standing idly by waiting for someone to tell them, "The coast is clear. You may now begin to thrive again."

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While I prefer thoughts of spring and economic resilience, a deflating real estate/debt bubble, a bulging unemployment line, a floundering European Union and a slowing China all offer harsh, but prudent, reality checks. They remind me why I believe so strongly in the most basic of investment tenets: control what you can control. Specifically, you identify, as best as you can, your current position (needs, resources and tools) along with your future goals and objectives. You create a strategy to pursue those goals and objectives within appropriate risk vs. reward parameters. You acknowledge cycles and changes and seek to methodically take advantage of them through disciplined investment strategies rather than emotionally reacting to them. You reevaluate all of the above on a periodic or as needed basis, and make appropriate adjustments. Certainly, the process is not as exciting as winning a \$640 million lottery jackpot, but your odds of success are significantly higher.¹

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If you have a friend or relative that could use the assistance of an advisor, please let us know. We would be happy to talk with him or her and see if we, or other professionals that we know, could be of help.

We appreciate your business.

John McCorvie, CFA

¹ I must disclose here that Joe Glasman and I did in fact buy 20 Mega Million lottery tickets for Peak's office to try and win the \$640 million jackpot. Our cash return was \$0 and we are still funding our 401(k)s, but we did have some fun talking and thinking about it.