



Stanton & Castleton, Inc.

An independent firm

Let's Review: Our Monthly Newsletter.....01/01/08

This month:

Well 2007 finished positive for all the major market indexes (S&P 500 +5.5% total return Source; BTN Research) although we had a bumpy ride throughout the year. We have discussed volatility in market investing a lot recently because it is the one element that most people are tuned into. Most investors are reactive to something when the volatility “screams” for their attention. This is not always the best time to make snap decisions, rather we should have a set of rules (we do) in place that help us navigate these periods while we use our perspective and common sense to guide us.

We thought this excerpt from an essay written by Warren Buffet quoting his mentor Ben Graham about market volatility describes this best:

*“The mental attitude toward market fluctuations most conducive to investment success is best imagined as market quotations coming from a remarkably accommodating fellow named **Mr. Market** who is your partner in a private business. Without fail, Mr. Market appears daily and names a price at which he will either buy or sell your interests or sell you his.*

Even though the business that the two of you own may have economic characteristics that are stable, Mr. Market's quotations are anything but. For, sad to say, the poor fellow has incurable emotional problems. At times he feels euphoric and can see only the favorable factors affecting his business. When in that mood, he names a very high buy-sell price because he fears that you will snap up his interests and rob him of his gains. At other times he is depressed and can see nothing but trouble ahead for both the business and the world. On these occasions he will name a very low price, since he is terrified that you will unload your interest on him.

Mr. Market has another endearing characteristic: He doesn't mind being ignored. If his quotation is uninteresting to you today, he will be back

Stanton & Castleton, Inc. / an independent firm

*1151 Dove St., Suite #115, Newport Beach, CA 92660 / 949.975.0955 / 877.975.0955 / www.stantoncastleton.com
Securities & investment advisory services offered through Raymond James Financial Services, Inc. Member FINRA/SIPC*

tomorrow. Transactions are strictly at your option. Under these conditions, the more manic-depressive his behavior the better it is for you.

But, unlike Cinderella at the ball, you must heed one warning or everything will turn to pumpkins and mice: Mr. Market is there to serve you, not to guide you. It is his pocketbook, not his wisdom that you'll find useful. If he shows up some day in a particularly foolish mood, you are free to ignore him or take advantage of him, but it will be disastrous to fall under his influence. Indeed, if you aren't certain that you understand and can value your business far better than Mr. Market you don't belong in the game. As they say in poker, "If you've been in the game 30 minutes and don't know who the patsy is, you're the patsy."

The common thread among the managers we employ in the design of your portfolios is a philosophy akin to Warren Buffett's. They see the volatility as the friend of the long term investor, creating opportunity to buy bargains and sell when assets are dearly priced. We employ a team of managers who follow this approach and have developed the skill to deal with Mr. Market effectively on our behalf. The design tools we use in helping us select and allocate assets to each of the managers within your portfolio help control volatility through diversity and optimization.

We are running our PSDS portfolio scans now and will be REBALANCING your portfolio accordingly. As we have discussed in the past, rebalancing a portfolio is key to managing volatility and assuring your asset allocation continues to reflect your financial situation. **Charity will be contacting you to set a time to come in (or call) and review 2007 and plan 2008.** Thanks again for your continued support.

Interesting topics made fun!

Each month we will host an early evening of cocktails and Hors D'oeuvres, where a guest speaker will inform, educate and perhaps amuse...*This month:*

We are taking a month off...the annual reviews and rebalancing will not allow enough time for us to set up something fun. Once we get caught up we will plan something enjoyable for all!

Bob:

We made it through the holidays into this New Year 2008! Joyce and I stayed in town with the boys, getting by my folks annual Christmas party and then over to Joyce's folks for Christmas dinner. We sang (yes I did sing) ate and drank our way safely into the New Year. I am now going to try and get into some shape (other than round) so I can keep up with all the boys. Hope you all had a great holiday too...

Ron:

When you buy a house someone should say aloud that at some point the main sewer line will break and you will have to go through days of not so pleasant "work" with guys that are not required to show up at any particular time to repair at significant cost something that should not ever break! We can go to the moon, watch movies on a wristwatch and yet still have not made an unbreakable sewer line...Ahhhhhhhh...O yeah, happy New Year.

Charity:

I had a wonderful holiday eating drinking and opening presents! My sister's kids were in town and it made the holiday really fun...but it was more fun knowing that I got to sleep in after they left! PS: This is my Birthday month...the big 25!

Bye

This month "Financial Topic": One more cartoon!

None this week

"In the end, how your investments behave is much less important than how you behave."

**Benjamin Graham
The Intelligent Investor**

The Numbers:

Closing Values / 12-31-2007

DOLLAR	weaker	NASDAQ	2,652.28	-22.18
10-YR YIELD	4.03%	S&P 500	1,468.36	-10.13
VOLUME	1,146,475,776	DJIA	13,264.82	-101.05

Provided by Standard & Poor's

© 2006 Raymond James Financial Services, Inc. Member FINRA/SIPC

This newsletter is published for residents of the United States only. Raymond James' financial advisors may only conduct business with residents of the states and/or jurisdictions for which they are properly registered. Therefore, a response to a request for information may be delayed. Please note that not all of the investments and services mentioned are available in every state. Investors outside of the United States are subject to securities and tax regulations within their applicable jurisdictions that are not addressed on this site. Contact your local Raymond James office for information and availability. Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Any opinions are those of Robert Stanton, Ronald Castleton and not necessarily those of RJFS or Raymond James. Expressions of opinion are as of this date and are subject to change without notice. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. Investments mentioned may not be suitable for all investors. Past performance may not be indicative of future results. You should discuss any tax or legal matters with the appropriate professional

WELL ALL OF YOU HAVE NOTICED OUR REQUEST

Thanks!

(Referral Hotline: 877-975-0955)

M³

Manage.....Monitor.....Maintain

Stanton & Castleton, Inc. / an independent firm

*1151 Dove St., Suite #115, Newport Beach, CA 92660 / 949.975.0955 / 877.975.0955 / www.stantoncastleton.com
Securities & investment advisory services offered through Raymond James Financial Services, Inc. Member FINRA/SIPC*