

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



# Stanton & Castleton, Inc.

An independent firm

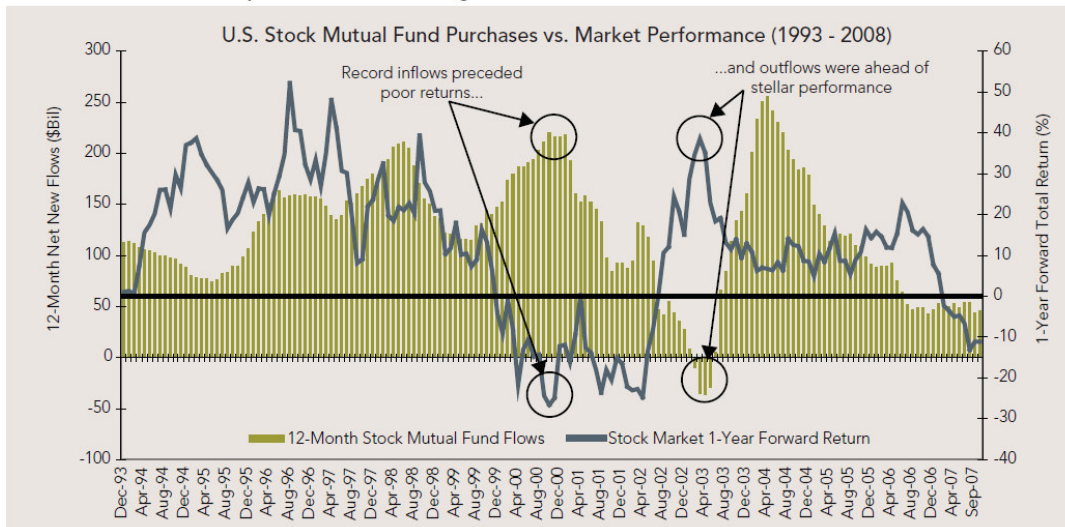
*Let's Review: Our Monthly Newsletter.....04/01/09*

This month:

In the movie “Field of Dreams” (A film about life, second chances and redemption woven around a baseball story) there is a line that sums up today’s environment: Archie, a young rookie, gets his first at bat in a game with all the legends of the past. The count is 2-2 and Archie is so excited he winks at the old school pitcher; the next pitch is high and tight knocking him to the ground. His coach calls time and walks over to give him some advice: “we have a runner on and it is a full count, so he will not want to walk you, look for a pitch to hit out over the plate....but watch out for in your ear!

We have been going through some very difficult times and these last few weeks all the sudden the S&P 500 goes up 24% from the recent low reached on 03-09-09. While we have been expecting a bounce it in no way means a new bull market is here. Now we have to wonder if this bear market rally marks the end of the decline or just a reprieve. Our position is this bear market has most likely seen its worst; but we are cautious as to whether this rally is just returning to “fair value” and not quite a return to a bull market.

**EXHIBIT 1: Investors have a poor track record of timing their stock mutual fund investments**



Stock mutual fund flows represent net new U.S. domestic mutual fund flows. Source: Strategic Insight, FMRCo (MARE) as of 9/30/2008  
Note: Green bars show 12-month trailing flows from date listed, blue line shows 12-month forward returns from date listed (at any given date, charts shows the amount investors recently committed to stocks and the return they achieved over the next 12 months).

*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 offered through Raymond James Financial Services, Inc. Member FINRA/SIPC*

**“In the end, how your investments behave is much less important than how you behave.”**

We have spoken of the record levels of cash flowing into Treasuries and money markets over this last year as investors sell stocks and bonds coupled with the knack “investors” on the whole have for making timing errors. The chart above looks at dollar flows into the market as it relates to market performance in the coming year. As you can see no matter what the text books say, on the whole, investors sell low and buy high. We all know why...during these very emotionally charged and uncertain times many just reach the point of not being able to deal with the stress and/or do not feel they can afford more losses. This is the one critical flaw in how we think. When investing, a portfolio will always have some fluctuation in total value, in fact that volatility and uncertainty is what provides us the opportunity to make higher returns. Where you can get uncomfortable is if you have taken on more risk than you either expected, understood or during these “Black Swan” periods that by definition are both rare and occur without notice.

During these periods all the charts and graphs...all the wise observations and historical perspectives do little to make you feel better about investing. If you read this newsletter each month you know that we end with a quote from Benjamin Graham. We may not be the sharpest tools in the shed but we can borrow from the best among us.

***Bob Stanton, Branch manager / Registered Principal:***

It is spring time and we have started to notice all the projects we need to get to around the house. Joyce and I started with lots of bags of mulch. I see painting in our future...and I think the side fence has been put off one to many years! This year it will be a welcomed change to the daily grind...I am looking forward to getting started on a tan and maybe getting a few calluses. Who knows this might be the year my boys pitch in with out complaint, or they could just conveniently be gone when the chores start. I'll let you know.

***Ron Castleton, Branch manager / Registered Principal:***

Here's what's happening with the Castleton's ---

Sunny: Spring means new projects –and clean-up. Ron: Avoiding Sunny (if she can't tell me, I don't have to do it)

Ari: Sophomore year crucial for college –HOMEWORK! Sean: 3Q at CalPoly SLO –Wine & Viticulture major—hmm I'm not too sure about this!

Adam: 4<sup>th</sup> year @ San Diego State....Business major...If you ask me it's Monkey Business!!!

Sparky: Watching life go by in his big cushy dog-bed!

**“In the end, how your investments behave is much less important than how you behave.”**

*This month “Financial Topic”: One more cartoon!*



**“In the end, how your investments behave is much less important than how you behave.”**

**Benjamin Graham  
The Intelligent Investor**

**“In the end, how your investments behave is much less important than how you behave.”**

***The Numbers:***

**Closing Values – monthly change / 03-31-2009**

<b>DOLLAR</b>	weaker	<b>NASDAQ</b>	1,528.59	+150.75
<b>10-YR YIELD</b>	2.68%	<b>S&amp;P 500</b>	797.87	+62.78
<b>VOLUME</b>	6,089,099,776	<b>DJIA</b>	7,608.91	+545.98

*Numbers Provided by Standard & Poor's*

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 S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. The Dow Jones Industrial Average (DJIA) is a price weighted index of 30 actively traded blue-chip held stocks. 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. 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. You should discuss any tax or legal matters with the appropriate professional. Diversification and asset allocation does not assure a profit or protect against loss.

**(Referral Hotline: 877-975-0955)**

**M<sup>3</sup>**

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

For a more in depth discussion on our services and approach to asset management...or if you would like to read past issues of our newsletter just click this link:

**[www.stantoncastleton.com](http://www.stantoncastleton.com)**

*Stanton & Castleton, Inc. / an independent firm*

*1151 Dove St., Suite #115, Newport Beach, CA 92660 / 949.975.0955 / 877.975.0955 / [www.stantoncastleton.com](http://www.stantoncastleton.com)  
Securities offered through Raymond James Financial Services, Inc. Member FINRA/SIPC*