

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



Stanton & Castleton, Inc.

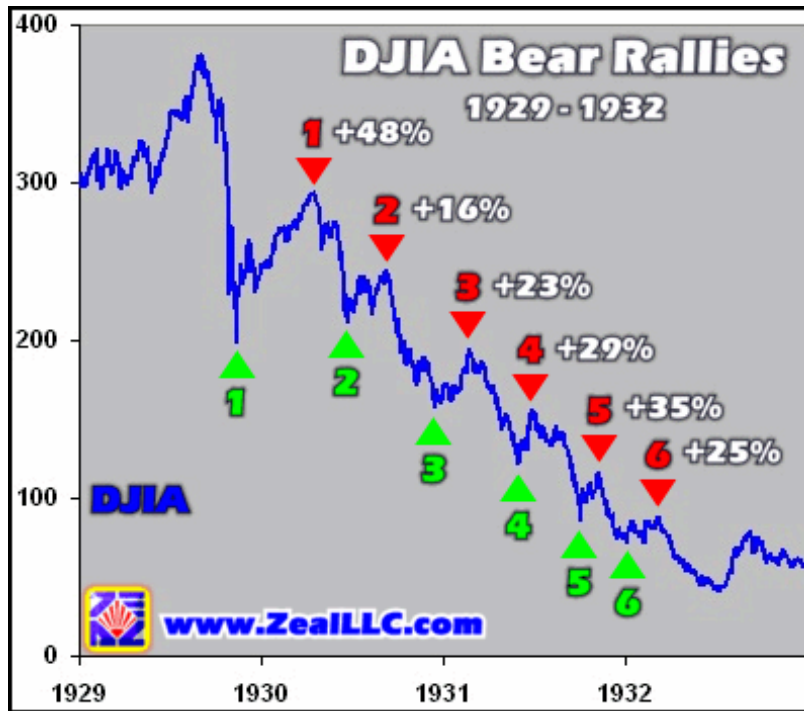
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Let's Review: Our Monthly Newsletter.....05/01/09

This month:

On May 5th 2008 the S&P 500 moved above its closing level for 2008. Since summer of 2008 we have been riding the emotional waves of the markets, most of which have been wipeouts. During this time we have seen several market rallies: 10/09/2008 thru 10/14/2008 +11%, 10/27/2008 thru 11/5/2008 +12.23%, 11/21/2008 thru 01/6/2009 +16.83% and most recently 03/9/2009 thru 05/04/2009 +34.1%.

Each time we ask if the bear market is over. Our hope is that the rally will hold and each time the market eventually continued lower. Here is where most errors are made. We see lots of charts and graphs comparing today to past markets and warning investors not to be too optimistic. Here is one chart showing the 1929 market crash and its subsequent movement:

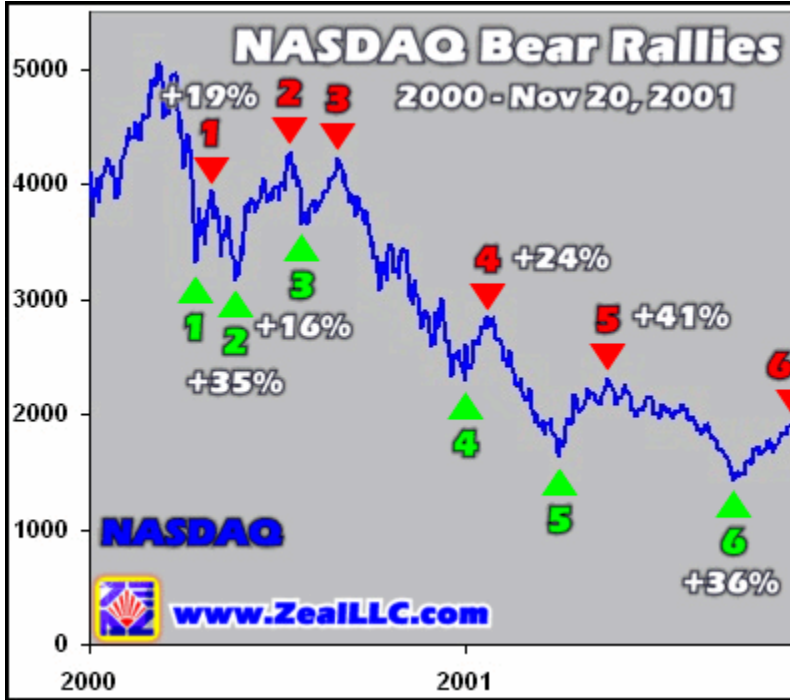


Then again we see the same comparisons to more recent bear markets 00-03:

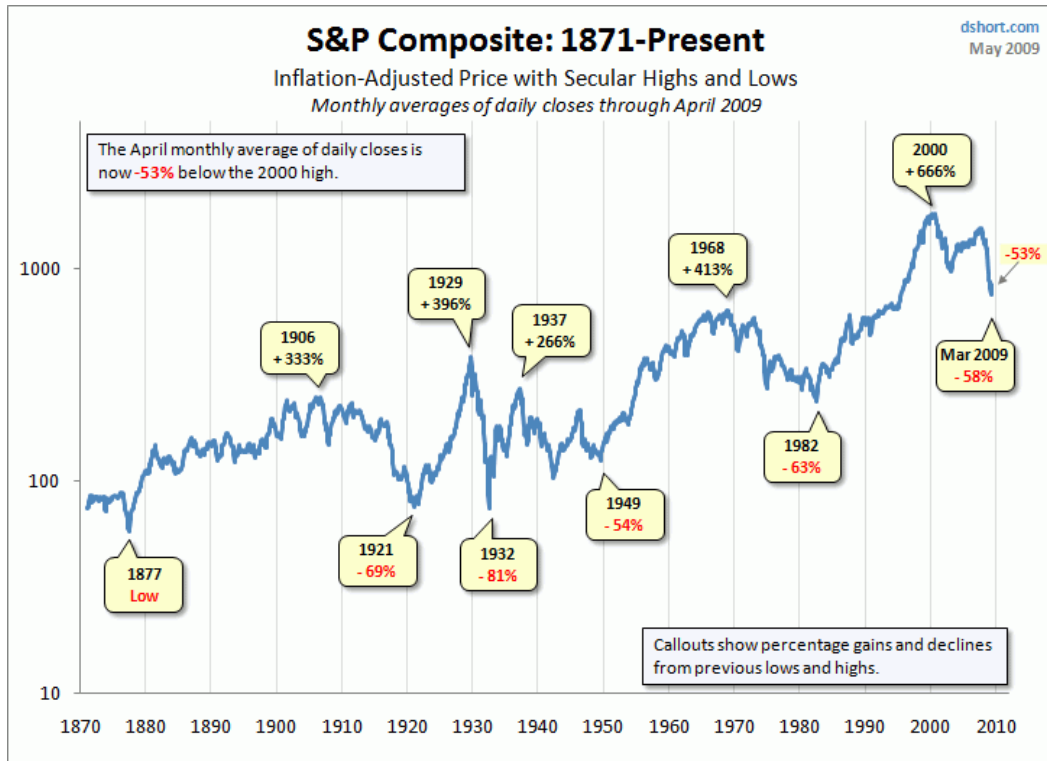
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These charts paint a very cautious picture. It is clear that during negative economic periods the forces that contract an economy also lower asset valuations and during recessions we have large swings in all markets. However this only tells part of the story. If you expand your time line just a bit the rest of the story (thank you Paul Harvey) is revealed:



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If we look at major bear markets going back to 1870 they have all been followed by bull markets. The “traders” question is where is the market going right now, but the investor asks when do I need this money, how much if any income do I need now and in the future and can I achieve my goals in more conservative investments. As you know we are risk managers first. Our approach is to manage risk through diversification and portfolio design. In the course of our process we do see some periods with greater risk; however we do not trade on these “hunches”. What we can and will do is exercise some small tactical risk management by raising cash or increasing our holding in fixed income but limit this action to allow for our assessment to be wrong. The objective is to stay focused on our longer and larger goals.

Bob Stanton, Branch manager / Registered Principal:

It is almost summer! Ethan turned 16 and Cole 13...two teenagers home for three months...did I mention they think fighting is the only real way to settle a dispute. Jordan is officially in the USMC Recon training. If you are not aware this is the Marine version of “Special Forces” only 2500 in the entire Corp. We continue to be both proud and anxious all at the same time. Ryan is doing well at Disney (he will be taking his brothers a few times this year).

Ron Castleton, Branch manager / Registered Principal:

With the weather getting better, Sunny & I have discovered a hobby that we can enjoy together....HIKING!!! There are all sorts of beautiful trails that are amazingly close to home and we have been on a few of these. We have our sights set on hiking up to Santiago Peak in the next few weeks and if that is successful, next stop....Mt. Whitney!!ok....maybe we should work up to that...but definitely a Mammoth/Yosemite trip this summer! –Any other suggestions?

This month “Financial Topic”: One more cartoon!



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**Benjamin Graham
The Intelligent Investor**

The Numbers:

Closing Values – monthly change / as of 04-30-2009

DOLLAR	neutral	NASDAQ	1,717.30	+188.71
10-YR YIELD	3.12%	S&P 500	872.81	+74.94
VOLUME	1,740,550,510	DJIA	8,168.12	+559.21

Numbers Provided by Standard & Poor's

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

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