

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



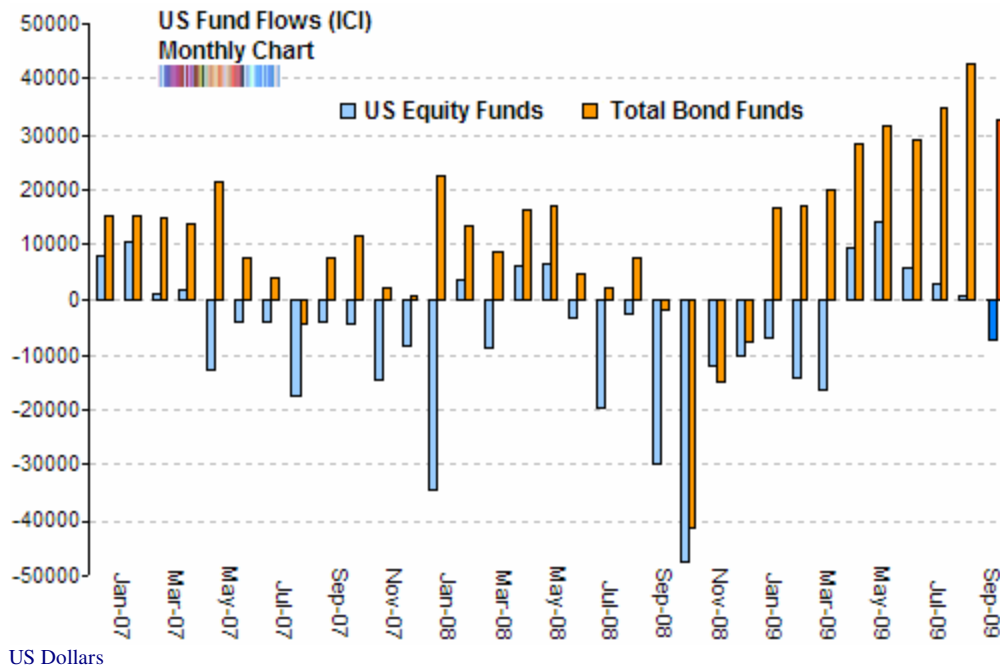
Stanton & Castleton, Inc.

An independent firm

Let's Review: Our Monthly Newsletter.....03/01/2010

This Month:

Here is a look at investor decisions in 2009; looks like the herd was so busy running toward the cliff they forgot to look back and see the lion stopped chasing them a mile back.



One year after the market lows (03-09-2009) were reached during the height of uncertainty caused by the global melt down of the financial and banking system, we sit perched atop one of the better performing 12 months in history. How do we explain this? How could so many predictions of gloom and doom be so wrong? These “misses” are only outdone by the same predictions of a “normal correction” prior to 2008!

Without getting too carried away with our risk managed approach, we think the answer lies in the concept of “valuation”. When reasonable valuations are at extremes things are both easier and harder. What we mean is during

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

the height of “panic” in negative times there often is a lot of supporting evidence that “bad things” will continue. Everyone’s outlook is colored by the immediate situation and we tend to take the current extreme and extrapolate it into the future as the “new normal”. This often leads to investors missing the best buying opportunities. It is hard to leave the comfort of the herd as it runs away from danger. While the danger is often real...it is also often exaggerated. The lion pack can only eat so many wildebeests yet thousands run off the cliff to get away.

This same dynamic occurs in reverse during euphoric “good times”. During the late nineties it was “TECH” at any price, and the “old” economy was dead. In a few short months most people wished they had some “old” utilities, bonds and boring staples companies in their portfolios.

The key for us is valuation. During a frenzy to own something that everyone covets “right now” often it’s valuation gets out of wack (technical term). Paying \$10,000.00 over sticker for a new Prius, bidding more than list price for a listed home, buying “Beanie Babies” on eBay for 100x cost; these things happen and when they do it made “sense” at the time. However, eventually valuations return to reasonable levels. That is when you hope you were a seller and not a buyer during the craze. Again, the reverse is also true. In March of 2009 values were so low for many publicly traded companies that the shares were trading below their intrinsic value...what a deal! But the herd was heading off the cliff so most went along.

Our position is to stay focused on reasonable value in portfolio design and build your portfolios with managers who hold value and risk management as primary objectives within their assignment. Valuation is a long way from March of 2009 so we want to be closer to the back of the herd to stop if needed, but not so close to the lions that we get eaten!

Bob:

This is baseball season...Ethan and Cole play 70 games over the next three months ahhh! Jordan is jumping out of airplanes in Georgia getting his wings, ooo rah! Ryan told his little brothers “Dad is more right than wrong” recently...Wow! And my nephews both played in the opening spring training games; Andrew with the Angles and Austin with the Yankees...busy but fun!

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

Ron:

Well we finally got around to a task we have waited years to do....copy all our old video tapes to the DVD's. If you have done this you will understand me when I say it was an moving event. You go through a whole range of emotions from joy to sadness as you watch/record them. It is hard to believe that those little guys in the videos are same people. It is nostalgic to be sure. Sunny looks very much the same (gorgeous) but who's that skinny dude she's with-haven't seen him for while! If any of you have the desire to do this I have a easy to use VHS/DVD unit and you're welcome to borrow it!

Amy:

My boyfriend Ryan and I had a great time in Jamaica! It rained most of the time, but it was still beautiful. I have friends from back home coming to visit for a week and look forward to playing tourist with them! Hopefully the weather warms up just a bit for them; although coming from Northern Wisconsin this time of year anything above zero is a heat wave.

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 / 02-26-2010

DOLLAR	stronger	NASDAQ	2,238.26	-31.23
10-YR YIELD	3.60%	S&P 500	1,104.49	+30.62
VOLUME NYSE	1,246,712,700	DJIA	10,325.26	+257.29

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 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. The Dow Jones Industrial Average is an unmanaged index of 30 actively traded blue-chip stocks. The NASDAQ is an unmanaged index of stocks listed on the NASDAQ National Stock Market.

(Referral Hotline: 877-975-0955)



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

If you would like to read past issues of our newsletter just click this link:

www.stantoncastleton.com