

“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.....05/01/2010

This Month:

Has the investment world and world in general become too reactionary? It seems to us that a new headline event defines every up or down move in the world markets. With all the effort to study, gather meaningful data, analyze world markets, company stocks, economic and political systems by highly paid experts can it really all be explained by “Greece in need of bailout” markets down..... “Greece gets a bailout”.... markets up?

When headlines both define and explain market behavior perhaps we need to look a little deeper. When Dow Jones Industrial Average (DJIA) has a record 1138.70 high to low point swing in a single day (May 6th 2010) and the entire reason is summed up with the notion that Greece needs bail out funds, as if this is breaking news. Then a weekend later “Europe agrees on \$1,000,000,000,000.00 (that is a Trillion Dollars) bailout package” lifts the markets back up we ask ourselves; is that reasonable? Were all the factors leading up to this crisis unknown and markets were caught off guard? Was the quick and decisive action by the European Union the solution? Is it all that easily explained?

VOLATILITY S&P 500



VIX: Market Volatility Index is calculated based on option activity and is used as an indicator of investor sentiment, with high values implying pessimism and low values implying optimism.

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Our experience is that when the news is defining the market we may be in a period of increased uncertainty and greater risk. It is not to say that the resulting actions will not lead to a greater market recovery or further decline. We only observe that during periods like these we see increased volatility that is, in our view, the result of greater uncertainty and risk.

What we do know is that in the last year and a half a few Trillion dollars of public debt has been spent globally. These debts cost \$\$ in interest and eventually have to be repaid. Who pays for these obligations? The producing taxpaying business and their employees will through greater taxes. So we are following an old adage: “Plan for the worst and hope for the best”. Our job is to try and be proactive not reactive to the current economic environment.

Bob:

Joyce and I were driving home from a night out (dinner & a movie!) the other day and she casually informed me we were going to a “couples baby shower”. Now my natural reaction was (no such thing) she was kidding...so I said something along the lines of...yeah righttttt! Wrong answer. Now after some soul searching and reflective thought....Joyce and I are going to a couples baby shower and we are both really looking forward to it!

Ron:

Big news is that Ari (our youngest) just passed his driving test and is now tooling around the streets of Irvine (locals beware) He has accepted the fact that there is NO new BMW in future and is happy to receive any set of wheels that enhances his freedom...(How gracious of him) His older brother, Adam, has kindly offered up his car.... in exchange for a new motorcycle. Thanks, kid! But NO deal!!!! So... we are now looking for a safe, economical solution to this situation...that doesn't involve MOTORCYCLES!!! You are all invited to weigh in!

Amy:

Ryan and I are heading back to WI this weekend! His youngest brother is graduating from UW-Whitewater. I'm hoping to make it home soon to see the new addition to the family; my cousin had her 2nd little boy this past Friday. In the meantime Ryan and I are enjoying the beach, Lakers and Angels games and livin' life on the peninsula!

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This month “Financial Topic”: One more cartoon!



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Benjamin Graham
The Intelligent Investor

The Numbers:

Closing Values / 04-30-2010

DOLLAR	stronger	NASDAQ	2,461.18	+63.22
10-YR YIELD	3.72%	S&P 500	1,186.68	+17.25
VOLUME NYSE	1,584,573,310	DJIA	11,008.61	+151.98

Provided by Standard & Poor's

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

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