

“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.....11/01/2012

This Month:

We waited till after the election for this month's newsletter; somehow we knew it was more important than our musings!

No matter how you voted or did not vote, I found myself having the same conversation with our youngest (Cole) as I had with Jordan four years ago:

“You can't let your emotions, elation or disappointment, with the election results affect your resolve. Like a football team in summer camp the competition for Quarterback is always intense, but when the season starts, whether the guy you favor is #1 or not, we have chosen, and now its time for the team to win. We all want a winning season so time to give your best.”

Cole saw my point; “team first I get it” ...right! So did Mr. Romney, taken from his concession speech:

The nation, as you know, is at a critical point. At a time like this, we can't risk partisan bickering and political posturing. Our leaders have to reach across the aisle to do the people's work.

And we citizens also have to rise to the occasion. We look to our teachers and professors, we count on you not just to teach, but to inspire our children with a passion for learning and discovery.

We look to our pastors and priests and rabbis and counselors of all kinds to testify of the enduring principles upon which our society is built: honesty, charity, integrity and family.

We look to our parents, for in the final analysis everything depends on the success of our homes.

We look to job creators of all kinds. We're counting on you to invest, to hire, to step forward.

And we look to Democrats and Republicans in government at all levels to put the people before the politics.

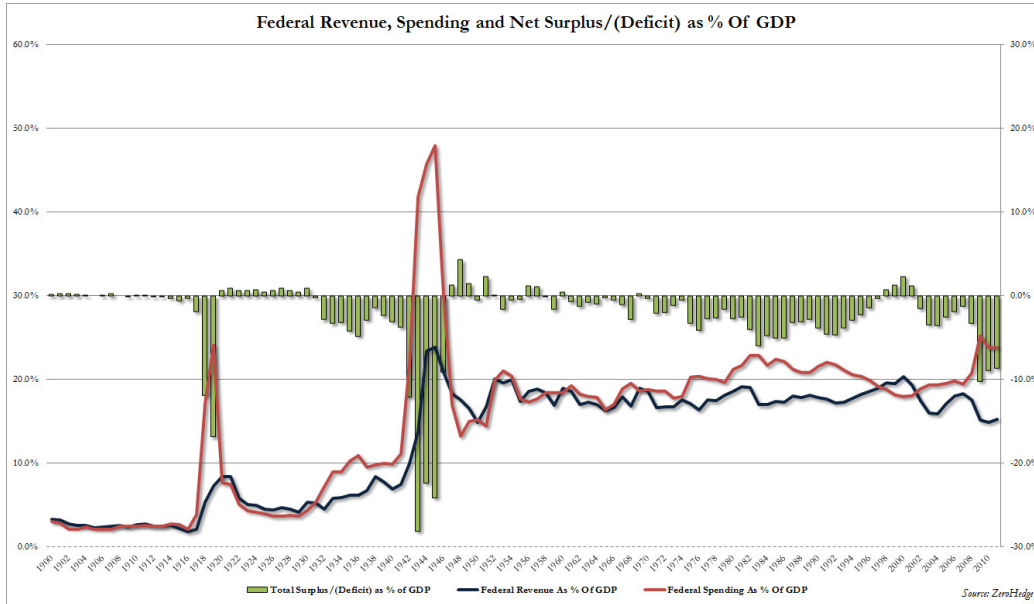
I believe in America. I believe in the people of America.

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How will the election affect the economy and markets? We have been defensive for a while expecting volatility while the harder economic issues worldwide are faced. Our government hasn't been effective in crafting a compromise that works politically and has a real effect on the biggest issues. No matter your political affiliation our current trajectory of increasing deficit spending and declining revenue risks a harder more painful solution may be forced upon us with a potential system breakdown.



Rather than being poor losers or worse winners, since we're teammates we all win if we work together. Our history is one where we accomplish the most during the more challenging times. We believe these next few years are challenging, however if we can successfully navigate a reduction in government spending while increasing revenue through taxes and growth, the outcome will be a great sustainable economy. Getting there is tough to do politically with one group committed to no cuts in spending and the other no increases in taxes. The simple solution that may happen because it requires neither side to do what is politically unacceptable to their party, compromise..... Let us fall off the “fiscal cliff”.

Instantly we cut spending and raise taxes without any agreement necessary. From there the serious compromise will be crafted with neither side taking the “fall” politically speaking. Perhaps this is the “Black Swan” event not seriously considered...yet. Perhaps this is/was the political plan all along! Something to consider. Either way we see continued volatility in uncertainty

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near term. Longer term we are optimistic. Our optimism will be outlined in a special “Point of View” for fourth quarter shortly You can’t wait right?

Bob Stanton (registered principal):

Thank you to all our Veterans past present and future for the commitment to keeping the American dream alive...We think of you everyday but this one day in November is yours!

Ron Castleton (registered principal):

Sunny and I are just about to head up to Santa Barbara wine country for a few days. It will be a nice respite before the onslaught of Thanksgiving. As always, we will host, which means a lot of getting ready. Can’t decide whether to cook the bird traditionally or try the BBQ. Any suggestions & recipes are welcome!

Amy Negri (administrative assistant):

It’s Thanksgiving already...where did this year go?! I’m still debating whether or not to make my own turkey, but I think I might give the Newport Beach Fire Department the day off ;) Hope you all have a great Thanksgiving!

Kevin Kraus (Business Development):

Cooler weather along with 6 weeks of pending holidays and all the people, places and events that go with them...gotta love November!

This month “Financial Topic”: Happy Turkey Day...the best holiday!



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Benjamin Graham
The Intelligent Investor

The Numbers:

Monthly Closing Values and Changes / 10-31-2012

DOLLAR	Stronger vs. Euro	NASDAQ	2,904.26	-211.97
10-YR YIELD	1.68%	S&P 500	1,412.16	-28.51
GOLD	\$1,721.90	DJIA	13,096.46	-340.67

Provided by Standard & Poor's

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