

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



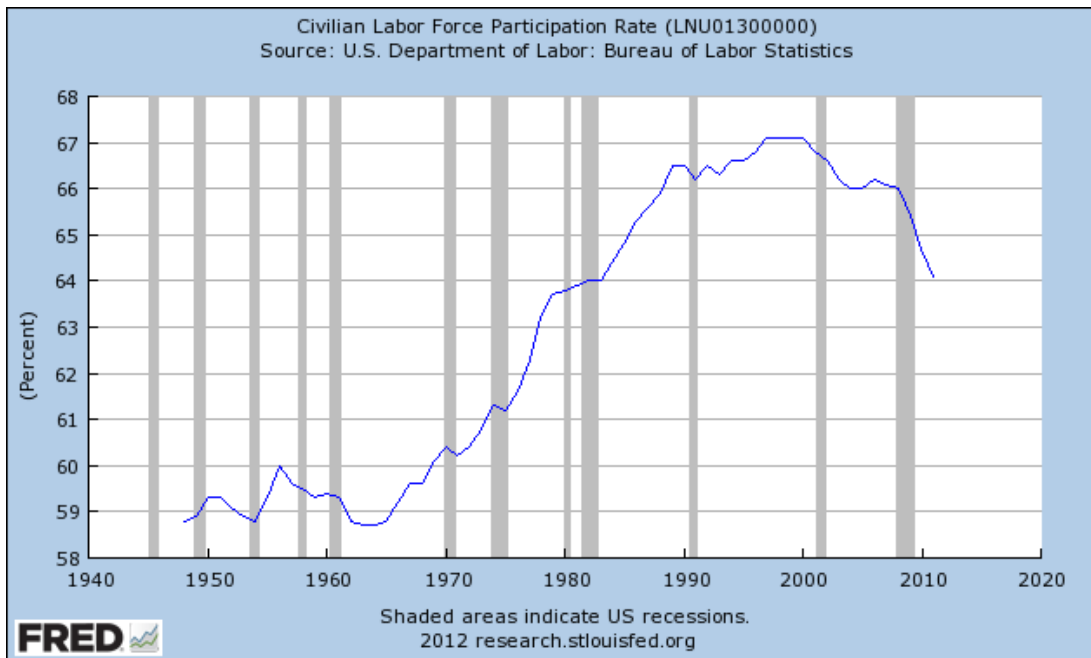
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Let's Review: Our Monthly Newsletter.....10/01/2012

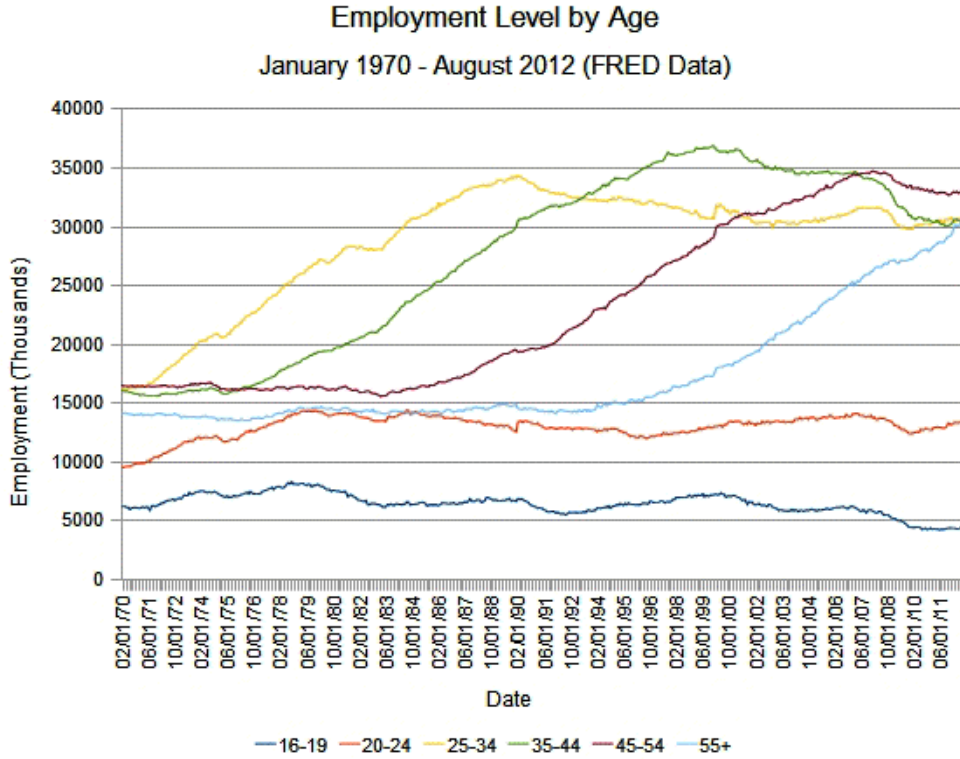
This Month:

Since the recent drop in the unemployment rate down to 7.8% has become hotly debated this past week we thought to shed some light on the topic. First we must understand that the number has always had some fuzzy subjective adjustments associated with how it is calculated. Also this period of the year usually has the largest “adjustments” to try and account for shifts in the labor pool due to students/teachers returning to work etc... Rather than get caught up in that noise we felt it was simpler to step back and look at the bigger picture and why so many are skeptical of the headline figures.

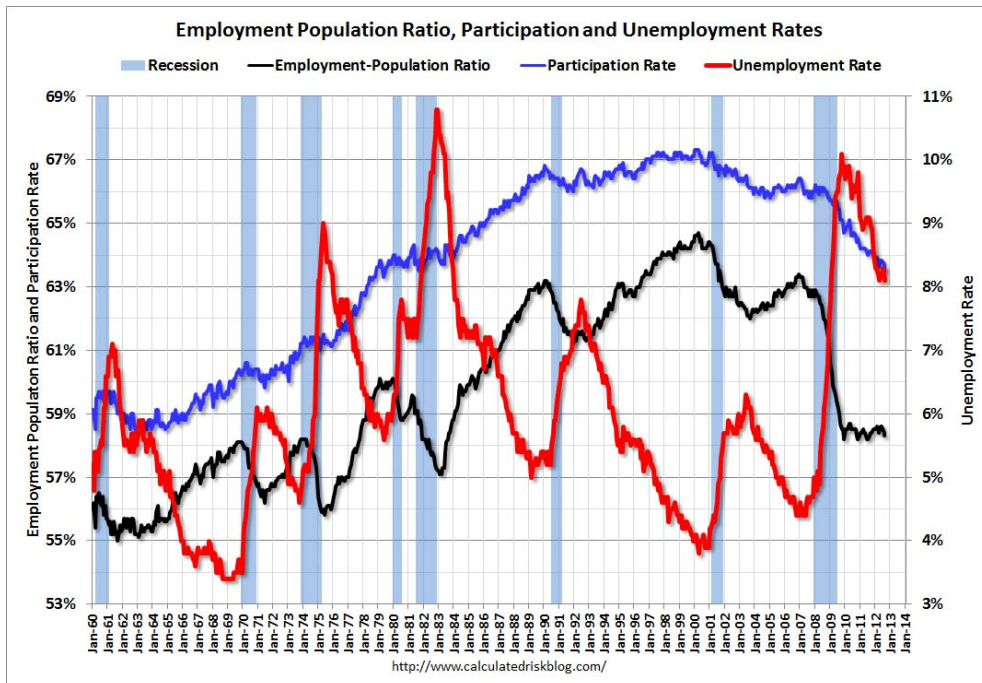


As the above chart shows...something is very different with this post recession economic recovery compared to the past. The difference can not be attributed to the demographics of an ageing baby boom generation retiring from the work force. As the following charts show this group has been the biggest job gainers of late and our overall population is still rising.

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In effect people are leaving the work force (no longer looking for jobs) at the same or rate the employment rate is falling. Our overall labor force participation rate is at 27 year lows and retiring baby boomers is not the reason;



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The current employment situation is very well understood by everyone who has or is looking for work. The real question is how do we spark domestic economic growth and hiring while trying to de-leverage the private sector balance sheet...without overleveraging the public sector? We have felt for some time that TIME is a major factor; it takes time to turn a big ship!

Bob Stanton (registered principal):

Everybody is back to school that needs to be and now we are getting ready for the best holiday...Halloween! I have been hiking and found a trail around Coto de Caza to Dove Canyon, only trouble is it was 8 miles long!

Ron Castleton (registered principal):

We've been celebrating birthdays.... A few weeks back we celebrated my Mother's 89th with a nice family get together. And just last week, we had a combined soiree for Sunny & Ari. While I have tried to pace myself with regards to all the good eats....my willpower is being severely tested. With Thanksgiving & the Holidays fast approaching, I may just have to wave the white flag. See you on the treadmill!

Amy Duranso (administrative assistant):

We hit perfect weather and fall color in Wisconsin for our wedding reception! Can't wait to get the pictures back. Married life is great...just gotta work on this cooking thing ;)

Kevin Kraus (Business Development):

MD bound this month to see Knute get his NCAA Lacrosse Championship Ring during parents weekend @ Salisbury University...looking forward to seeing him and getting some good east coast seafood!

This month “Financial Topic”: Happy Halloween!



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**Benjamin Graham
The Intelligent Investor**

The Numbers:

Monthly Closing Values and Changes / 09-28-2012

DOLLAR	Stronger vs. Euro	NASDAQ	3,116.23	+49.27
10-YR YIELD	1.63%	S&P 500	1,440.67	+34.09
GOLD	\$1,773.50	DJIA	13,437.13	+382.29

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