



4th Quarter ~ 2012

Happy New Year to you and yours! Rick and I are beginning 2013 in Singapore, spending precious time with Kaitlin and her growing family. Hard to believe that traveling half way around the world isn't far enough to escape the fiscal hand wringing and political wrangling. Cliff or not, the US economy is a dominant story in the international scene. Even our cab driver asked us we thought would happen now that the agreement took such small steps and left so many large issues unaddressed.

The calendar is signaling "out with the old, in with the new" but it's hard to ignore all the unfinished stories seeping into 2013. Just like a classic soap opera, 2012 was filled with unbelievable drama yet the plot line barely progressed. The euro zone crisis may have been averted but the issues remain unresolved; the economy is better off today than it was four years ago but the ripple effect of the great recession of 2008 continues to drag down global economic growth; housing prices may have finally hit bottom but unemployment is stubbornly high; and then there's that whole fiscal cliff posturing giving the democratic process a no-confidence vote. Good news anyone?

Fortunately there is good news to be found, as money continued to flow out of stocks and into bonds we were able to capture strong returns by participating in the upward trends of both the corporate and high yield bond markets. Stocks had their own upward trend for the year but day-to-day it was choppy at best with stock prices dropping dramatically in sync with concerning news report. And let's face it, it was year filled with concerning news. From devastating weather, to unspeakable violence, through political vitriol and increasing uncertainty, it's as if the stock market wore its heart on its sleeve and had a finger on our emotional pulse. "Choppy" may be an understatement.

So what lies ahead? It doesn't take much imagination to know there is a great deal that can go terribly wrong. Beyond our carryover issues, historically the first year of an election cycle has been rough on the markets. Also worth noting, 2013 will be the fifth year of a bull market – we know, it was supposed to feel way better than it did -- and five years is a long time for the market to go without taking a breather.

But the possibilities include some good scenarios, too. Both corporations and investors have lots of pent up cash and projects on the drawing boards. Bridge the cliff and we can see banks start lending, jobs being created and the economy getting out of first gear into real growth. Heck, if Europe plays along for good measure and China slows but doesn't stall, we have the makings of a lucky 2013.

It wasn't just the economic and political stories that left loose ends. Sadly, many people are still displaced by Hurricane Sandy. Believe it or not, there are still homes in our neighborhood in reconstruction mode thanks to that freaky derecho that blew through here in July. Hopefully we've used these incidents to reinforce our efforts to be prepared on a personal level. You might be interested to know the steps we take to be prepared from the business continuity stand point.

For many years we have maintained backup data at an offsite location. In the event our computers are damaged or destroyed we'll certainly be annoyed but we won't have lost any data. Your accounts have another level of protection. We partner with an information technology outsourcing firm, to provide real time synchronicity for all computers. In the event of a power outage at our office, for example, we can still access your information from a remote location using our iPads. We have also put into place the tools for all of us to work remotely. You may have noticed that during Hurricane Sandy our offices were closed but we were still open for business. Emails were answered, transactions were completed and no one had to venture out of their homes until it was safe to do so. It was impossible to imagine this high tech world when we were giving advice to our first generation of clients in those pre-cell phone days. Skype anyone?

In spite of the frustrations and real disasters of 2012, your accounts are strong. We have learned that there is always opportunity to be found through sound planning. So we begin anew, grateful for what we have and looking forward to helping you make the most of the years ahead.

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