

Market Outlook:

Believing the earth is still flat...

The emotional turmoil that is the financial markets has caused many investors to abandon common sense and fact-based analysis in place of a kind of 15th century-style town square deference that still believes *it is possible to sail off the end of the world*, or that *witchcraft causes evil in the municipality*. These are usually the type of investors who are focused upon wringing just a few more points of yield out of their portfolio each monthly statement, or who chase return based upon the "latest" product, strategy, sector, or guru offered up before them.

They are people whom you know (you are not one of them!) who manage.... or who ask their advisor to manage.... their account with the explicit message "*not to miss out*" on the market's latest fad or current hyper-profits.

This paradigm mostly exists because people are greedy, they believe in mythology, or they don't/can't discern between investing for the long-term versus speculation on short-term, get-rich-quick schemes.

When someone is pounding the table in front of you, very seldom do cooler heads prevail, even when facts trump mythology.

Despite the market's current bull expansion...and traffic congestion here "at the top"we have seen this form play out in other times. A bear market (when it occurs) is usually a matter of sequencing in market cycles and has its most deleterious impact by the stark contrast from the euphoria which preceded it and the perspective by which its danger is perceived. Not so coincidentally, its ominous offering happens to be one of the factors causing current investors to try to maximize as much as they can as fast as they can.....

....not to mention the powerful attraction of making a lot of money while the getting is good.

Who's steering the boat?

But this bull market in particular is quite unusual, not just because of its duration (9years), but because (at least from this writer's perspective) it doesn't "feel" like a bull market expansion to many of those not as fortunate to have cashed in on the last decade.

Typically, an expanding economy and an intensifying market go hand in hand. Why is it, then, that teachers are on strike in cities across America fighting against low salaries and lack of supplies; storefront businesses are vacant in several small communities; large multinational industries are at death's door; paychecks seem not to go as far; indigent populations worldwide are migrating *en masse*; some children in war torn nations are hungry and orphaned; and a significant majority of us just sometimes feel more fearful about the future? Are those characteristics of an unbridled financial boom?

The difference this time might partly be attributable to 3 factors: (1) *technological innovation* (2) *low global interest rates* (3) *a decline in empathy worldwide*. While not the exclusive causes of our discomfort, all three are fueling a vortex which spirals attitudes *downwards*, not *up*, making it become just a little more difficult to be neighborly and empathic.

Economic booms are not just *financial events*, they are *social compacts* as well. When one does well so, too, should the rest of us....or so it is anticipated. And we should be proud of the accomplishments of others because they enrich the human experience for all of us. The history of man is still being written, so we can't give up on the story just yet. But we should try to avoid any timeline comparisons between this decade, or that one, and focus instead upon the remarkable progress populations have made in medical research, ecology, food and water research, replenishing energy resources, and building a functional infrastructure.

A well diversified portfolio should not be expected to respond minute to minute, quarter by quarter, year over year to peripheral or exogenous events. Investing is not exclusively the art of chasing profitability, but rather directing one's resources towards innovation in people-saving motifs, and trying to avoid hyperbole that stifles markets just when we need entrepreneurship and capital to help us the most.

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