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Monthly Musings

WAR IS PEACE

FREEDOM IS SLAVERY

IGNORANCE IS STRENGTH

These are the official slogans of the Party inscribed on the Ministry of Truth pyramid in George Orwell's dystopian novel "1984". It speaks to the Party's psychological control of the people through its ability to weaken independent thought by forcing them to live in a constant state of propaganda and fear.

"War is Peace" because having a common enemy keeps the people united. "Freedom is Slavery" because the man who is independent is doomed to fail. "Slavery is Freedom" because those subjected to the common will are safe and secure. The illogical becomes logical as the people submit their will to the Party and its deity-like leader, Big Brother.

You might say, yes, an engrossing novel but no government today could wield such power. Perhaps, but consider:

- The National Security Agency's (NSA) new \$1.5 billion data storage facility in Bluffdale, Utah is estimated to store data by the zettabyte. (1 zettabyte = 250 billion DVD's or 1/2 of the world's data created or copied in 2011)
- Utah is only one of several new NSA sites.
- The NSA collects phone records on nearly all Americans.
- The NSA has access to about 75% of all US internet communications.

In the Feb. 2013 letter, I cited Ben Franklin's quote "**Our new Constitution is now established, everything seems to promise it will be durable; but, in this world, nothing is certain except death and taxes.**" God willing our Constitution will remain durable as we will need it.

Things Financial

As the 4th quarter begins *US stocks* (YTD +21%) remain strong after an August correction. We were pleased to see *International stocks* (+11%) finally make a run and outperform the US in the 3rd quarter. US Small-cap stocks have beaten Large-cap. Sector-wise Healthcare, Consumer Discretion, and Industrials have led.

Year-To-Date, *Fixed Income* (-2%) is down. *Commodities* are even. *Real Estate* (+3%) is up modestly. *Gold* (-21%) has melted down.

So, while not inexpensive, support for stock equities remains due to low interest rates and good earnings while the long bull (upward) market in bonds, commodities and precious metals appears to be history. All our portfolio models (conservative to aggressive) are appropriately positioned given this scenario.

Spotlight

Congratulations to Bob Moseley on his recently published novel, "Out of Bonds" which has been well-received in local school systems! We have so many talented clients!

Best wishes,

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