

Glaze Capital Insight

Quarterly Newsletter for Successful Investors

Helping Busy Successful People Organize Their Financial Affairs and Plan for the Future

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Note to Clients



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The first quarter of the year proved that volatility has not gone away in the markets as the stock indexes dipped and subsequently recovered. As of this writing, in April, the upward direction has continued. The signs of recovery are popping up and the government is putting significant resources into stabilizing the banking system and the economy. Data out of the housing area is looking as good as it has in years as housing starts jumped 22% in February—ending the longest consecutive string of monthly declines in 18 years. Further, in the all important housing sector, building permits rose 3% and sales of existing homes climbed 5% in February. Mortgage rates are at the lowest level in 40 years giving new buyers an added incentive to step up to the plate. Home owners are refinancing at a torrid clip, which should bring monthly pay-

ments down. This activity will go a long way to solving the housing crisis, and economists expect the U.S. to post positive growth in the last quarter this year and continue positive in 2010.

Other indicators are looking positive. Consumer spending has been strong this year and inventories are low. Low inventories mean that manufacturing may have to accelerate in the near future to meet consumer demand. Unemployment is still high and is expected to stay that way for a while as businesses adjust to the current climate. But remember, the reporting of unemployment numbers comes well after the fact and may still be high even after the recession is over. The 1980 recession pushed the jobless rate to 10% during a 30 month period. In 1991 it hit around 8%, similar to today's num-

ber, and in 2001 a 4.5% rate jumped to a bit over 6%. In the 1980's experts considered a rate of 6% to be full employment, factoring in those on the move and those who are chronically unemployed.

Our expectation is that the stock market will continue to reflect a steadily better environment as the year progresses. The current allocations in the portfolios are positioned to take advantage of the movement ahead, but we are looking closely at every position we have to make sure it continues to be appropriate for the accounts going forward this year and into next year as well.

- *Housing Data*
- *Consumer Spending*
- *Low Mortgage Rates*

Signs of Recovery
Signs of Recovery

Interesting Quotes

“I am always doing that which I cannot do, in order that I may learn how to do it...”

Pablo Picasso

“The further backward you look, the further forward you can see.” Winston Churchill, British prime minister.

“Fame is a vapor, popularity an accident, riches take wings. Only one thing endures, and that is character..” Horace Greeley, editor.

“In reading the lives of great men, I found that the first victory they won was over themselves. ..Self discipline with all of them came first.” Harry Truman, 33rd U.S. President.



Our Portfolios

The stock and bond markets have experienced one of the great upheavals of our time. While the fundamental workings of our economy showed normal signs, the credit and banking systems plugged up and stopped working correctly. As a result, many new terms and concepts have been introduced to us that may be alarming. Our portfolios, however, contain none of

the so-called toxic assets, CDO's, or other troubled items. We have no speculative real estate holdings or mortgage related problem loans. Our portfolios contain the solid assets backed by solid companies. While some companies in the vastly diversified investment portfolios that we hold may be affected, our accounts are essentially healthy.

Thoughts From The Russell Investment Company

One of our portfolio partners is the Russell Investment Group in Tacoma, Washington. The company has focused on institutional consulting and investing for over 70 years. Many of our portfolios use one or more of their securities as part of our widely diversified mix. The following comments are from a recent report the company published. I summarize it for you below.

Difficult times in the market can make it tempting to take one's losses and cash out. It's

a natural reaction, but unfortunately, not one that has yielded great investment results over time. On the other hand, defying the counsel of fear and staying invested has proven to be a better strategy time after time. There have been several periods of significant losses, the most notable during the 1930's. After each of these periods, however, the market has rebounded substantially, often returning several times the amount lost in the prior

downturn. Additionally, bull markets have on average lasted much longer than bear markets—up to 10 years. Accordingly, we believe long-term investors can best beat the odds by maintaining their investment objectives and discipline. Of course, investors should review their strategy with their advisor regularly. But in many cases, winning in the market means not walking away—even when the dawn is still dark.