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Bouncy, Bouncy, Climb Fall and Repeat

- Markets started the year with rally, pullback and rally. I would be very happy to have a choppy stabilizing year, collect our dividends and interest payments and see some slight growth.
- The Fed is decreasing economic stimulus through the monthly bond buyback program decreasing it to \$55 billion dollars per month, down from \$65 billion. This in my opinion is good and probably as fast as they can go without scaring markets. The yield on a US 10yr Treasury is 2.8% (as of 4/3/14) and hopefully everybody that qualifies has already refinanced their long-term debt.
- Author Michael Lewis's new book [*Flash Boys: A Wall Street Revolt*](#) put a spotlight on High Frequency Traders (HFT) and hopefully this will lead to a tipping point to regulate the industry. This author is not a fan of computer trading programs as I think it lends zero fundamental support of publicly traded companies as investments, but it has helped lower costs and trade speed execution. I am just glad to see more attention being brought to this subject.
- With multiple counties, states and the Federal Government discussing minimum wage we are seeing the first signs of legislation on a subject I have been talking about for several years, which is the gap between wealth classes. I am a 100% Capitalist and a great believer in the human spirit to innovate and create new products that help the economy, as well as a supporter of free markets. For history fans - typically when the gap between rich and poor widens and the middle class get squeezed this has led to a revolt by the masses. I am not suggesting a French Revolution "Off with their Heads" but rather a future where benefits promised are broken (think Social Security payments and pensions) and tax laws adjusted that penalize the successful.
- Russia is the mighty bear that waited about three seconds for the Olympics to finish before showing aggression to Crimea. The market reacted negatively then went back to its same pattern and who knows what the long-term effects will be on investing but I will not be adjusting my thinking based on this political dilemma. I have been filtering away money from funds that invest in Russia for quite some time but I do have fractional overall exposure based on select holdings.

- Some of the Value stocks in our portfolios have started to make some nice positive moves for the very reason we are holding them. Having patience is very tough in this market but there are still some select bargains.
- Weather is playing a bigger part of the economy with the east coast freezing and the west coast in drought. There is a very good chance that Americans will see higher food prices in 2014.

We will see how the rest of this year plays out, so for now it's a continuation of what we have been observing and positioning for on a forward outlook. We will continue to focus on value investing with total return (dividends and interest), wait for bond interest rates to rise and maintaining liquidity in portfolios. The next newsletter will focus heavily on real estate and its place in portfolios both privately and publicly.

All the Best,

Ian Goldey

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President

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