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JIM'S JOURNAL

A Look forward to 2013

For a number of years now, my tradition has been to start the New Year with an inspirational story or passage in the January newsletter. This year will be no exception.

I was still in high school when I came across a book called, "Best of Words to Live By". It was a collection of quotes and passages from many renowned people of that era who had been asked to pick out a quote and explain how it helped inspire or shape their lives. I continue to collect those quotes and passages to this day. Friends and family have also contributed to my collection through the years. Hope that you enjoy the three passages that I have chosen to start 2013. I think many of our politicians and more than a few people on Wall Street could benefit from these inspirational words.

THE WORLD NEEDS MEN (AND WOMEN)

The world needs men (and women)... who cannot be bought; whose word is their bond; who put character above wealth; who possess opinions and a strong will; who are larger than their vocations; who do not hesitate to take risks; who will not lose their individuality in a crowd; who will be as honest in small affairs as in greater; who will make no compromise with wrong; whose ambitions are not confined to their own selfish desires; who will not say they do it "because everybody else does it;" who are true to their friends through good and bad, in adversity as well as in prosperity; who do not believe that shrewdness, cunning, and hardheadedness are the best qualities for winning success; who are not ashamed or afraid to stand for the truth when it is unpopular; who can say "no" with emphasis, although all the rest of the world says "yes".

By Ted Engstrom

ATTITUDE

The longer I live, the more I realize the impact of attitude on life. Attitude to me is more important than facts. It is more important than the past, than education, than money, than circumstances, than failures, than successes, than what other people think, say or do. It is more important than appearance, giftedness or skill. It will make or break a company...a church...a home. The remarkable thing is we have a choice every day regarding the attitude we embrace for that day. We cannot change our past...we cannot change the fact that people will act a certain way. We cannot change the inevitable. The only thing we can do is play the one string we have, and that is our attitude... I am convinced that life is 10% of what happens to me and 90% of how I react to it.

And so it is with you...we are in charge of our Attitudes.

By Charles Swindoll

A PRAYER

Father, Thou knowest I am growing older. Keep me from becoming talkative and possessed with the idea that I must express myself on every subject.

Release me from the craving to straighten out everyone's affairs. Keep my mind free from the recital of endless detail. Seal my lips when I am inclined to tell of my aches and pains. Teach me the glorious lesson that occasionally I may be wrong. Make me thoughtful but not moody, helpful but not bossy.

With my vast store of wisdom and experience, it seems a pity not to use it all, but Thou Knowest, Lord, that I want to keep my Friends, Amen.

Author Unknown

As we move into 2013, I wish you a Happy New Year!!! May your lives and your investments prosper in the months ahead. I look forward to serving your needs both now and in the future. Take good care...

Look Back – 2012

Investors faced a great deal of uncertainty in 2012. With many European countries in recession, an escalation of violence in the Middle East and contentious bickering in the U.S. over the "fiscal cliff", 2012 turned out to be a surprisingly good year for the major indexes.

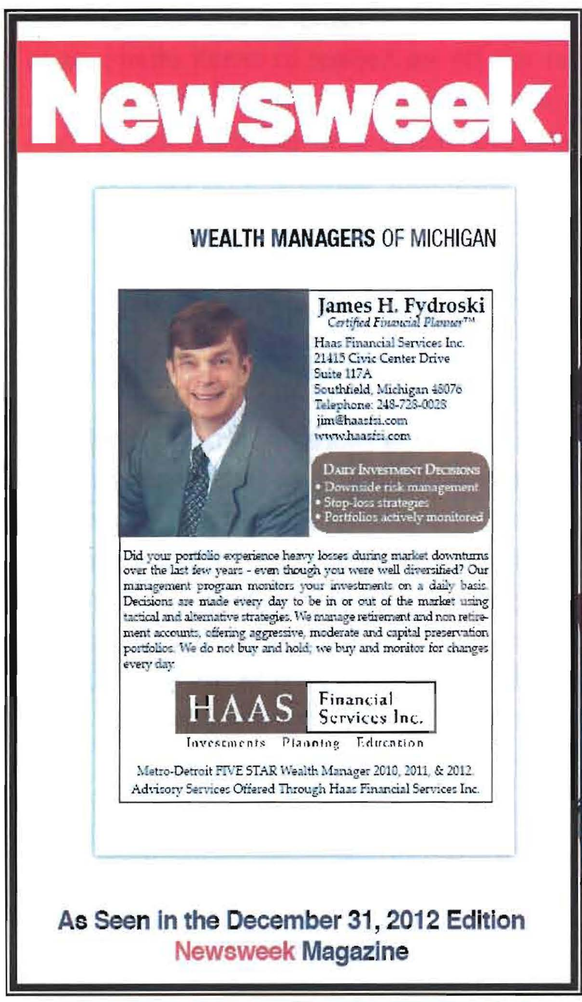
In 2011, global deficit and default issues sent both U.S. and foreign markets into a tailspin. Global problems did not change very much in 2012 but the market's reaction to the news did change. The same news that caused the markets to retreat in 2011was largely ignored in 2012. The likely reason for keeping the stock market afloat was the Federal Reserve's massive infusion of money into the system. By the fall of 2012, the Fed was pumping about 80 billion dollars a month into the system, up from the previous 40 billion per month and thus ensuring positive market returns for the year. A steep pullback in our gains is the likely price to be paid down the road for all this artificial stimulus. A sling shot can only be stretched so fast and so far before it snaps back- ask Europe. So far, the January barometer mentioned in the last newsletter is indicating positive returns for 2013, but early signs also indicate that a significant downturn may be in the making for 2014, if not a bit earlier. Only time will tell the real story.

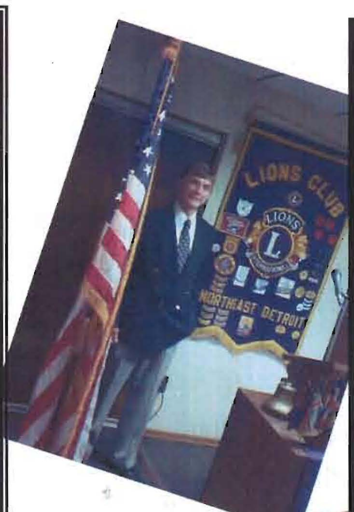
Despite the turmoil both here and abroad, stock and bond markets enjoyed very nice returns in 2012. The Dow Jones Industrial Average gained +10.24% for the year, the S&P 500 index was up +16.00% and the NASDAQ gained +15.91% (Source: Morningstar). Following the lead of the major indexes, the Average U.S. Stock Fund was up +13.9% in 2012. Individual sectors that outperformed on average were: Health & Biotech- +21.4% and Real Estate- +17.7%. The average Taxable Bond Fund was up + 7.5% in 2012 (Source: Wall Street Journal–January 8, 2013).

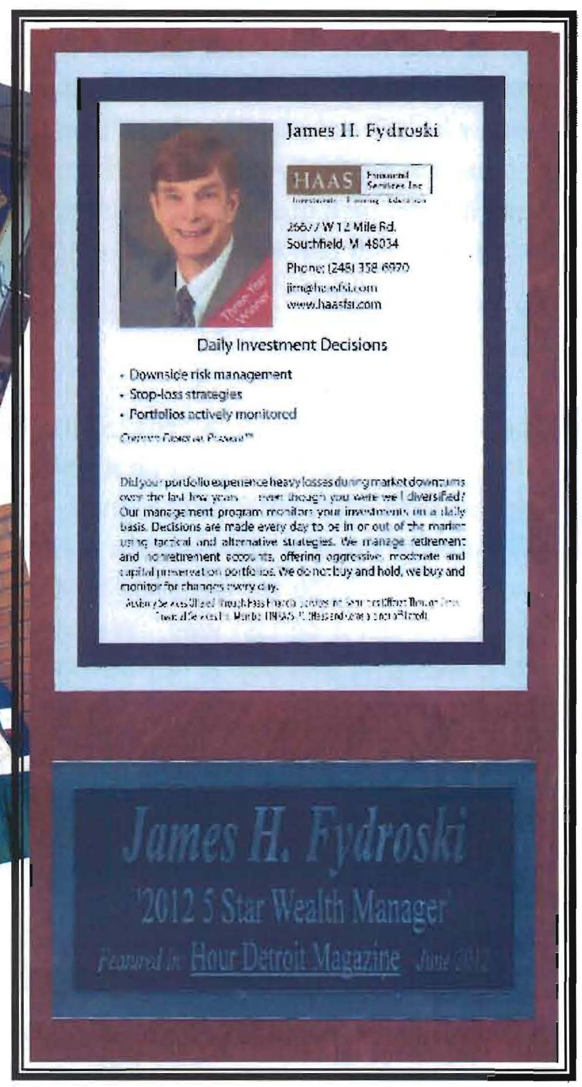
The DOW started the year at 12217.56 and ended the year at 13104.14. If you asked yourself how many times the DOW crossed back and forth over the 13000 mark on a day to day basis in 2012, the correct answer would be 21 times. There was volatility in 2012. It was this volatility and downside potential that kept the Money Management Program in a conservative mode much of the year and muted the returns in the growth models. There are times, irrespective of investment returns, when the market is too risky for a retiree to be invested. In contrast, the capital preservation models had a very competitive year.

The Money Management Program has now been in existence for ten years and has demonstrated both growth and downside risk management for a decade. This Program is especially designed for retirees and pre-retirees, as well as others who believe growth, risk and loss potential need to be addressed in retirement. This is the time in our lives when taking out money from our accounts replaces saving for retirement. For those not yet in the Money Management Program, the time to allocate a part of your investments is now before the market takes another downturn.

I have included some highlights from 2012 below. Wishing you a great 2013 and thanks for your loyalty!!!







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