EPIC CAPITAL WEALTH MANAGEMENT

WEEKLY MARKET COMMENTARY **March 4th, 2012**

The Markets

It may not feel like it, but the U.S. stock market is off to its best start to the year since 1991, according to CNBC.

With a rise of 8.9 percent for the year, the S&P 500 index has now risen eight of the last nine weeks. Some analysts cite improving economic data, solid corporate earnings, and a stronger job picture for the bubbling stock market, according to Reuters.

But, before we get too carried away, the S&P 500 index would still need to rise about 15 percent to match its all-time record high of 1,565 hit back on October 9, 2007, according to *The Wall Street Journal*. The gap is not as wide if you reinvested dividends since October 2007. On that score, the S&P would be just 3.5 percent below its all-time high.

If you look at the broad stock market as measured by the Wilshire 5000 index, which tracks more than 3,700 U.S. stocks, we're at a record high. That index eked out an all-time record high last week assuming reinvested dividends, according to *The Wall Street Journal*. So, from the market's peak in October 2007 to the trough in March 2009 and back to the peak in March 2012, it was a long and winding road of about 4½ years.

We talk about the importance of thinking long-term and this market cycle round-trip is a great example of what we mean. Things looked bleak near the bottom in early 2009, but here we are three years later and the market has surged and the economy seems to be healing. Patience is indeed a virtue.

Data as of 3/2/12	**1-Week**	**Y-T-D**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Standard & Poor's 500 (Domestic Stocks)	0.3%	8.9%	3.8%	25.0%	-0.3%	1.7%
DJ Global ex US (Foreign Stocks)	-0.2	12.6	-8.5	222.5	-2.8	5.6
10-year Treasury Note (Yield Only)	2.0	N/A	3.5	2.9	4.5	5.0
Gold (per ounce)	-4.0	8.4	18.9	22.1	21.2	19.1
DJ-UBS Commodity Index	-1.1	5.0	-12.0	13.1	-2.6	4.8
DJ Equity All REIT TR Index	-0.7	5.8	9.3	45.4	-1.0	10.3

Notes: S&P 500, DJ Global ex US, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

CAN WE LEARN FROM OTHER PEOPLE'S WISDOM? The answer to that question is yes since no one of us is as smart as all of us. With that in mind, here are eight tidbits of investment advice from Jeremy Grantham, the co-founder and chief investment strategist of GMO, a $97 billion global investment management firm.

1. **Believe in history.** While past performance is no guarantee of future results, we should pay heed to history and avoid using the words "this time is different." As the old Wall Street saw goes, "history doesn't repeat itself, but it rhymes."

2. **"Neither a lender nor a borrower be."** Don't borrow money to invest. If you do, "it will interfere with your survivability."

3. **Don't put all of your treasure in one boat.** This is investing 101 and it's a basic tenet of sound investment practices.

4. **Be patient and focus on the long term.** Another piece of sound advice that is easier said than done – but it is well worth striving toward.

5. **Try to contain natural optimism.** While optimism may be a good survival characteristic, it can get in the way of good investment results. How? If you're too optimistic, you may dismiss bearish news and go down with a sinking ship while those who had their eyes and ears open reached out for the lifeboat.

6. **But on rare occasions, try hard to be brave.** There may be times when it makes sense to be bolder than normal. If the odds look stacked in your favor, Grantham says it might make sense to be brave.

7. **Resist the crowd: cherish numbers only.** It's easy to get caught up in the euphoria of a crowd – that's how manias get rolling. But, as an investor, you have to put your analytical hat on, ignore the crowd, and sharpen your pencil (or calculator or computer!).

8. **"This above all: to thine own self be true."** In order to succeed as an investor Grantham says, "It is utterly imperative that you know your limitations as well as your strengths and weaknesses. If you can be patient and ignore the crowd, you will likely win. But to imagine you can, and to then adopt a flawed approach that allows you to be seduced or intimidated by the crowd into jumping in late or getting out early is to guarantee a pure disaster. You must know your pain and patience thresholds accurately and not play over your head."

While there are many top 10 lists of how to be a better investor, these eight from Grantham are a nice place to start.

Weekly Focus – Think About It

"Risks must be taken because the greatest hazard in life is to risk nothing."

-- *Leo Buscaglia, Ph.D., professor, New York Times bestselling author*

Financial Factoid: 7,671 Americans turned 65 years old on average each day during calendar year 2011 (source: Census Bureau).

Irish Wit & Wisdom: A wise man should have money in his head, but not in his heart.

-- Jonathon Swift

Enjoy your week,

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Securities offered through LPL Financial, Member FINRA/SIPC.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.
* The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market
* Gold represents the London afternoon gold price fix as reported by the London Bullion Market Association.
* The DJ Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

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