

April 2014

Dear Clients and Friends:

I have realized that these quarterly letters have evolved into having a very common theme. Mark Twain said, “write about what you know”. I have quite obviously morphed investing and financial markets with what just happens to be going on in my life at that given time. This letter will be no exception. My wife and I both have personal fitness as a big focus in our lives. This has grown exponentially in the past few years and Amanda is now a certified personal trainer and yoga teacher. I have done yoga off and on for 8 years, but in the past year we really found a home at a new studio here in Gulf Shores. It is that crazy hot, sweaty power yoga and it is really fun and challenging. Currently, we are in the middle of power yoga founder, Baron Baptiste’s *40 Days to Personal Revolution* program, which is basically a 40 day commitment to do tons of yoga, journal, meditate, monitor your diet and hopefully see some transformation in both body and mind. I am pretty sure that I am well on my way to enlightenment. Buddha Bussey.



Wish I could say this wasn't hard!

This focus on daily fitness and our current program with yoga has forced us to be very diligent in our daily schedule and process. During this 40 days program I am required to practice yoga 6 days a week. Forcing myself to change my day to make sure I can incorporate that along with a continual focus on work and home life has been a unique challenge in time management. Our eating is no different. For the most part, it is a process that repeats itself every day. Maintaining that discipline has helped us to achieve our goals.



“If I knew the meaning of life, would I be sitting in a cave in my underpants?”

I honestly can see the parallel with the teachings in yoga with just about anything in life, including investing in the market. The method we use to develop portfolios has a very deliberate process. It begins with Sterne Agee Asset Management doing their due diligence on proper investments to recommend to clients, then to me with my own research and selecting the right mix for each clients goals. Taken a step further, each manager who runs each fund has a process that they use, day in and day out to identify the proper securities to place in their portfolio. Additionally, they are always monitoring the overall macro market conditions and deciding if being a bit more aggressive or cautious is the most prudent move to do. So as you can see, it is a very deliberate, diligent process.

“Diligence is the mother of good fortune”

Without a process, without a discipline on managing money, there is no plan and that is a plan for failure. We have to have the discipline to not only select proper investment strategies and to monitor them; we also have to have the discipline to make changes when necessary and more important to not make hasty changes in the face of adversity.

“Patience is not passive, on the contrary, it is active; it is concentrated strength”

The market doesn't always act the way we want it to or the way we think it should. I have pointed out in past letters and emails that the current market has gone on quite a while without any serious pullback or correction. Many managers we use have maintained a bearish posture over the past year or more for that reason. Portfolios that we manage have had exposure to funds that have seen huge upside in this bull market and we also have owned managers whose cautious stance has hindered their performance. This is where the aspect of patience comes in. Those managers who have maintained a defensive posture have really missed out on some good returns, but they may very well end up being right in the end if we see some sort of correction. I applaud them for sticking to their beliefs and following that process. In yoga we speak a lot about being still. Both being still in your mind and also being still in your pain. When you are sweating, tired and can't hold the pose any longer....stay still, or go deeper. The same holds true with your investment portfolio. The first part is to have a process and build your plan and then the next part is sticking to it. It can be tough, especially when things are not going exactly your way, but it is in those times when we need to just be still.

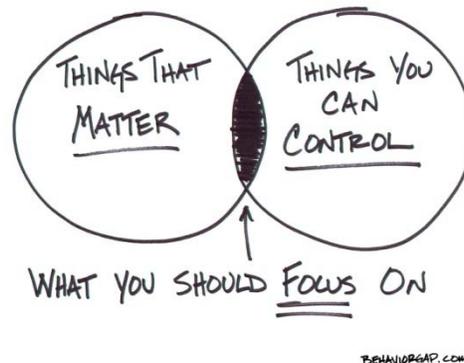


April 10th of this year the market had a marginally bad day. The S&P 500 was down about 2% and the Nasdaq was down about 3%. Remember that at that point the market was still up for the year and had been up very strong in 2013. That afternoon I had multiple comments from clients (maybe even you) about the market “tanking” and “what are we going to do now?” In the big scheme of things, April 10th was only a blip on the radar. It could have been the start to a selloff that may be long overdue, but it wasn't really even a terrible day. Panicking or short term reaction can easily sway an investor from their plan. As a sidenote, yesterday (April 22) the S&P got back above where it was on the open April 10th.

“Stop being afraid of what could go wrong and focus on what could go right”

“If you can’t change the circumstances, change your perspective”

Yes, we have gone 30 months without the S&P 500 having a 10% correction. Yes, historically there are 18 months between 10% corrections. Yes, we will have one sometime and maybe soon. We cannot change the market; it is going to ebb and flow. Our perspective may change. We can look at a correction as a buying opportunity, we can take comfort in knowing that the managers we use who were positioned defensively may have been rewarded in that moment. We have a disciplined approach to portfolio management and it is designed to not be the type of allocation that we have to make drastic changes when markets correct or when to go drastically higher. My advice is simple.



We cannot anticipate when the market will correct, nor can we anticipate how high it will go, but we can focus on repeating the process of finding highly capable money managers with varying areas of expertise and putting them in a plan tailor made for your unique goals.

They say in yoga, that how you are on your mat is how you are in your life. I have found that to be true. When it gets hard do you quit and make a change or second guess your decision? How are you on your mat? Namaste.