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Year to Date

Dow	-3.34%
S&P500	-6.54%
NASDAQ	-4.00%
US Dollar	-6.39%
Gold	19.17%

Roller Coaster

2011 has been a difficult year to make money in the market, and will likely enter the record books as one of the most volatile years in history. Investment selection and timing have been crucial to turning a profit when the S&P500 is down over 6.5%. In the performance box above this column you'll notice only one positive performer, gold. While certain stocks have gained, most major stock indexes have faltered. The market swing from the top in 2011 to today is down nearly 14%. Volatility in the market is a sign of fear. It seems fears about the stock market, economy, housing, and jobs have caused a number of people to exit stocks in general. Is this an opportunity?



Chart courtesy of Stockcharts.com

Strategies for the rest of 2011

If you've been reading this newsletter for awhile you're probably tired of hearing me talk about gold. My friends, family and college professors thought I was crazy to load up on gold in 2002. The simple fact is that it has been a store of value in a very rocky economic time over the last 10 years. While each client has different needs I nearly always recommend a portion of assets in precious metals, usually gold, but I'm going to switch gears to a cousin of gold this time.

Something very unusual has happened over the last few weeks. The price gold has surpassed the price of platinum. If you've ever purchased jewelry you'll know that platinum is a premium precious metal. Over the course of the last few years it has sold at a premium to gold of roughly 50%. When price relationships like these get out of whack it can create an opportunity.

My plan of attack for the remainder of the year includes all or some of the following:

- A small basket of high quality stocks paying substantial dividends (6-7%).
- A conservative strategy designed to generate 7-9% annually in a sideways market.
- An inflation hedge like precious metals to protect the portfolio.

James Bowers

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