

# LANDMARK FINANCIAL ADVISORS, LLC

WEALTH MANAGEMENT

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## DECADE STARTS WITH A THUD

After an emotional roller coaster ride this past year Treasuries again outperformed stocks. We strongly believe that by the end of the decade stocks will best bonds by a wide margin, but volatility will still be prevalent in the near term as the world continues to deleverage.

The bond vigilantes took a long winter's nap as the 10-Year US Treasury bond has seen its yield go from about 3.5% to start the year sinking to below 2.0% by year end for the first time on record. A credit downgrade of our country's debt and continued political squabbling didn't seem to be an issue as investors ran from risk around the globe. Why the influx? In our opinion, it is due to the liquidity (size of the market) as it can handle the inflow of cash from investors who liquidated from other investment markets. We continue to view US Treasury bonds as being highly risky in the near term, and continue to favor corporate and municipal bonds, adversely effecting returns.

Equity prices were essentially flat for the year, but this period of treading water has helped set the stage for a longer term upward move in equities. Corporate earnings and balance sheets continued to exceed expectations for the year, inflation has declined, housing is showing signs of life and the US jobs picture has shown some real positive trends to end the year. We feel that Europe will survive and that the markets are already pricing in a major recession overseas.

The biggest reason to own stocks is that nobody is buying stocks. An old investment rule of thumb is that the herd is about always wrong. This rule tells you to avoid very popular investments: real estate in 2006, technology stocks in 2000, Asian stocks in 1996 and commodities in the early 1980s. On this basis it makes sense to acquire investments neglected by the herd. The lack of asset flows into equities has reached an extreme level qualifying them as a neglected asset class.

Focus on your long term objectives. Patience in the short term remains paramount during these trying times.



## LANDMARK WEBSITE

We have just finished a much needed overhaul to our website. Our new site communicates our services in a much better way, and we have added a blog site for regular comments from your team at Landmark. In addition, we continue to upgrade our private, secure client web portal. If you haven't been to your portal recently, talk with your primary advisor, and we can show you the benefits of your client portal.

“Tech companies  
are creating  
plenty of jobs  
for robots.”

—Daniel Honan

