

Perspective

Scott Finlay

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Next week I travel to California with my wife to celebrate our son Alan's wedding. Yes, this is the same son about whom I've written over the years, the one who went to his first job interview in wrinkled cargo pants and Doc Martens (he didn't get that job), graduated from the University of Virginia, went onto a successful career in finance, and most recently has co-founded a start-up company. It seems only yesterday that he and his sister were in the woods building forts or on the ski slopes racing me to the bottom of the slope. This is one of those defining moments in our life and surely his as well, and Martha and I are really looking forward to this gala event. He and his fiancée couldn't be more perfect together, and I'm excited about their future.

Now on to business. The markets have struggled this year, and to say that progress has been elusive would aptly describe its lack thereof. We've been peppered by a series of mini crises from the looming Greek default to the Chinese stock market crash and subsequent currency devaluation. The economy, while growing, is doing so very slowly, and my favorite scapegoat, the media, has missed few opportunities to remind us of all that is wrong with the world. A few weeks ago when I was reading a book review in the *Wall Street Journal*, I latched onto a quote that accurately described our current state of affairs. It said that "we live in an age of cultural pessimism." In a country whose growth is so tightly intertwined with consumerism, pessimism can have a dramatic effect on one's willingness to spend. But let's for a moment move beyond the sound bites and concentrate on what is going right with the world. The 30% crash in the Chinese stock market came on the heels of the 168% gain over the previous year. As of the date of this letter, their market was still up 15% year-to-date. *Perspective*. The Greek economy, which the media would have you believe was ready to take down the entire global financial market, represents 2% of the European economy and just 0.25% of the global economy. *Perspective*. Energy prices have dropped over 50%, bringing down with them the price of many of the stocks that make up the global indices. We hear daily reports of companies struggling to maintain profitability, but the news that seems to be lacking is the fact that this significant drop has the same effect as a tax cut. We pay less at the pump, less to fill our fuel tanks, corporate transportation and manufacturing costs have dropped dramatically, yet we pay little notice. Good news doesn't sell. The last time I checked, lower prices at the pump was a good thing! *Perspective*. Not a day goes by that I don't read an article about the fact that we haven't had a meaningful correction in the stock market for over five years. The real question is whether we believe the point from which we measure this advance was a reasonable starting point to begin with, and whether we've rallied back to more normalized valuations with ample potential for additional gains. *Perspective*.

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Am I frustrated? Yes, but we've been here before. Markets are not linear, and we can't force returns. Valuations by all measures are still reasonable. Interest rates, although likely to go higher, should do so in a measured pace. Both the US and the European economy are growing. I'm going to choose to focus on what's right with the world, focus on my children's future, my new daughter-in-law, and the optimism of a new marriage. Let the celebration begin.

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