



# The Polar Letter

November 2014

“I once said greed is good, it seems now it’s legal.”

The fictional character Gordon Gekko

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We are advising most of our clientele to reduce U.S. European and Asian debt and equity exposure immediately either through outright liquidation or hedging (i.e. short against the box or suitable put purchases). For positions not liquidated or properly hedged, we would suggest the use of appropriate stop loss orders. We are mindful that heeding our advice may create tax consequences for some clientele, and of course, some opportunity may be lost as the broader averages may yet increase a bit more. However, in our view the tax consequences and possible lost opportunity, are far outweighed by the potential risk.

Investors of all types have become conditioned for decades to believe that “yes there may be a correction, but the averages will rebound and indeed make new highs.” After all, look at the lows of 2008 versus today’s prices. Those six years were a gift from the misguided (or dishonest) policies of the United States government and at the expense of taxpayers. These government actions (the quantitative easing programs and bailouts, etc.) are not likely to be repeated (even if that was financially feasible) in the present political environment.

We will not bore our readers with (nor subject them to) the vast multitude of facts and events which we believe support our conclusion that current equity and debt market levels are unsustainable, but would be pleased to discuss our assessment of the present economic and investment outlook with any of our clients or readers.

We advise clientele and prospective clientele on an individual needs and situational basis. Please call or email us concerning your situation.

Michael C. Jordan  
President

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The firm’s senior principal, Michael Jordan has over forty years of industry experience.

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