

BURNS INSIGHTS

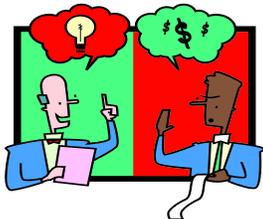
November 2012

BURNS INVESTMENT GROUP OF STIFEL NICOLAUS

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The Results Are In

The decisions have been made: We have elected our officials and passed our propositions. Obviously, voters are not in agreement as to who should lead

our government nor is there agreement on the solutions. It seemed to me that almost every issue was very closely contested. One thing on which I think we can all agree is that we are glad that the elections are over!

With regard to the national election, the biggest surprise is that not much has changed. President Obama will continue as President; and the Senate will be controlled by the Democrats while the House will be controlled by the Republicans. The past four years have been remarked by a highly partisan politics. This has resulted in a lot not getting done. While the federal government has continued to spend money, not many solutions have been agreed on as to how to address the debt.

One message that is clear, voters are not happy with the divisive and polarization of our officials. Our economy continues to show a lack of momentum. My hope is that now that voters' decisions have been made, that our politicians will start building consensus, and make decisions that will help money to start to flow through the economy. If we can get the economy on track (banks willing to lend money, companies and individuals willing to spend capital) then many of the problems will abate (such as unemployment and our debt).



Falling Out of the Basement

I recently heard a quote from a strategist that I thought made good sense, "When you fall out of the basement, chances are you won't get too hurt." I like this. No doubt we have many issues with which to contend. Heck, the media is constantly barraging us with negativity. But just like not much has changed in the political landscape, the same holds true for the sentiment of the markets. Investors continue to be "risk-averse" and fear-motivated. The result of this is that valuations are not high. Based on several factors, the valuations are on the low side—especially if you compare the expected earnings of the S&P to the 10-year treasury yield. This ratio is at near record disparity which shows that valuations are at low. In other words we can be comfortable holding equities at this time.

Remember, investors tend to get hurt when investors are greedy, prideful, and complacent about risk. These conditions lead to over-valuation. I can tell you—No one is complacent about risk. This should give you some comfort.

We may continue to have some volatility, but I think the volatility will keep the declines within a manageable level. This has been the environment going on four years, and the markets have continued to climb the proverbial "wall of worry." I urge you to continue to focus on the big, long-term picture and not reacting to short-term issues.

If you have a concern about your portfolio, either its perceived risk or recent performance, please don't hesitate to call or schedule an appointment. I really want to address any issue you may have to help you feel like you're investing consistent with your long-term needs and goals.



Good-bye Anthony; Hello JB

As you may know, my long-time assistant (and friend), Anthony Molina, recently left Stifel Nicolas to join his family business. Anthony was such an asset to the Burns Investment Group, and he will be greatly missed. He was offered an exciting opportunity to help lead a family business. I wish him much happiness and success in his new endeavors. In his place, I am pleased to introduce to you, Jeff Bangerter (we call him JB). JB worked as an intern during his last semester at San Diego State University, and we offered him a full-time position upon graduating. Jeff has a bachelor degree in Finance and has a lot of knowledge in today's technology. He will be assisting me in completing the operational side of portfolio reviews, scheduling appointments and other service issues. Please help me welcome him to our team when you get a chance to speak with him.

can choose another financial professional or firm, but you continue to put your trust in me. It means a lot to me and my team. We will continue to work diligently in 2013 to earn your continuing trust.



Looking to New Year

With all of this behind us, I look to 2013 with a lot of positive anticipation and hope. I am meeting with my team to discuss how we can better serve our clients. I feel strongly that we are in a precipice of a big improvement of the investment environment. If this is the case, I want to make sure you are positioned to take advantage of any opportunity as it arises. We will communicate to you about these improvements. If you have any feedback or suggestions how we can improve, please don't hesitate to e-mail me or call me. We love to hear from you. As always, if you have a family member or acquaintance that would benefit from our services, we would appreciate your referring them to us.



Anniversary

I can't believe it, but on December 3, we will be celebrating the four-year anniversary of my joining Stifel Nicolas. My, how time flies! May and I made the decision to leave because we felt our clients would benefit from better service at Stifel. Knowing what we know now, we definitely made the right decision. Other firms have struggled to survive and redefine themselves, but Stifel has thrived. While many other firms have faced many cut-backs, Stifel continues to grow by adding additional capabilities and services. We have stealthily acquired other smaller firms that complement our company—all with the ultimate goal of helping our clients become better investors and helping you to pursue your personal goals. We couldn't be happier.

Wishing you a profitable and rewarding 2013!

For additional information, please call us at (949) 234-2340 or through our web site at www.BurnsInvestmentGroup.com

STIFEL NICOLAUS

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Thanksgiving

As we approach the holiday season, it gives me the chance to reflect on all of the blessings in my life. With the devastation from Hurricane Sandy on our minds, it reminds us as to what is truly important in our lives. I am most thankful for the people in my life: Namely, my family, friends, co-workers, and YOU—my clients. In this arena, I am definitely a fortunate man. I never lose sight that you

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