



Where Has The Volatility Gone?

From August until December of 2011 the market was plagued with volatility. Wild price swings started to feel like the norm. From one day to the next the market would move up and then down. Traders with skill and a good amount of luck could enjoy the investing climate, but for most investors the ride was unsettling at best.

The first month of 2012 has been rather bullish. For the most part, we have experienced a steady increase in market indexes across the board. Financials, basic materials and industrial goods led the pack with utilities bring up the rear.

It is important not to lose a sense of 'historical' perspective when considering the market's performance in January. While the class of investment grouped as financials might have led the pack in January, the previous months were not very kind to the group. Thus, this could be a case of a market that was oversold and is being brought up to more reasonable valuations given what is known locally, nationally and internationally.

Secondly, when you see an investment group like utilities being a laggard during the month, this does not necessarily mean the group had a string of negative news or that such investments should be avoided. The fact is utilities held up as a group quite well in the volatile months from August onward in 2011. It is most likely the case that investors shifted a sizable amount of money to this more stable class of investments from August onward in 2011 and began the process of rebalancing in January. Significant flows of money out of one class of investments will put downward pressure on prices. Stocks are fundamentally driven by forces of demand and supply.

Having one month on the books for 2012 should not give investors a false sense of elation. In one month the world's financial problems were not solved; they were put on pause. It is hard to tell when fiscal troubles or another calamity might arise within the year. Remember that having a game plan and a good deal of patience usually pays off when investing.

If you have stocks or funds that you have been considering taking a profit on, now is the time to begin evaluating an exit price. If you are on the market to buy, identify your targets and consider what price you want to pay. Set your orders at your desired price and wait. Market sell-offs are often much more sharp than increases in market prices. It is not uncommon to see a sharp pullback to occur in prices for a very brief period (sometimes minutes to hours) followed by a sharp upturn.

Don't be afraid to take a profit in a bull market.

TheMarketCapitalist.com Portfolio Selection

Company	Ticker	Buy Date	Buy Price	Last Price	Performance	Dividend %	Buy Target
SeaDrill Limited	SDRL	9/7/2011	30.25	37.88	25.22%	8.10%	Up to 38
Weatherford International Ltd.	WFT	9/7/2011	16.31	17.40	6.68%	0.00%	Up to 26
American Tower Corp.	AMT	9/7/2011	53.75	63.37	17.90%	0.00%	Up to 68
PowerShares Water Resources	PHO	9/7/2011	16.42	19.17	16.75%	0.64%	Up to 22
Cisco Systems, Inc.	CSCO	9/7/2011	15.42	20.09	30.29%	1.20%	Up to 21
Deere & Company	DE	9/7/2011	78.97	88.40	11.94%	1.90%	Up to 92
Chesapeak Granite Walsh Trust	CHKR	2/3/2011	25.19	25.61	1.67%	9.30%	Up to 28

Chesapeak Granite Wash Trust Added to Portfolio

If you're in the market for a stock with a large dividend yield that resides in the energy sector, then put Chesapeak Granite Wash Trust on your radar. At a near 10% annual dividend yield, the trust is structured to increase its dividend payments into 2013 and then level off until 2016. This is a superb way for more short-term minded income investors to park their money for a couple years.

The trust's property is in the Colony Granite Wash region, which is located in north Texas and western Oklahoma. The field is producing primarily natural gas and natural gas liquids. Investors will receive 90% of the net proceeds from the sale of oil and gas produced from the wells on the property in quarterly distributions. In 2031 the trust will terminate and distribute proceeds to its investors.

The trust has taken steps to hedge 50% of expected oil and natural gas production through June 30, 2015. This can be thought of as insurance for investors in the case that natural gas or oil enters into a long period of decline.

What investors can expect with this trust is a less risky way to gain exposure to oil and natural gas compared to direct commodity investments. From today until around the middle of 2013 the trust's payout will increase by roughly 65%. This will not only increase the dividend yield investors receive, but will likely put upward pressure on the trust's price as more income investors are drawn to the stock as a result of heightened payouts.

Buy Chesapeak Granite Wash Trust at current levels. Added to model portfolio.

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Personal Finance: What Matters Most?

In the world of personal finance there are many people that wish to tell you what you should do with your money. The question that is often ignored is *what do you want to do with your money?* And why do you want to do it? If you cannot identify why you wish to spend your money on a certain item or in a certain way, then how committed do you think you'll become, if you do take up some new fiscal discipline?

What matters most? Knowing your financial priorities is a must if you wish to seriously evaluate and/or change the way you handle money. If you never consider what matters most, then you will find it very hard to escape from the financial groove you're currently in. Spending and savings habits are not likely to change in the long-term and the track you currently ride on will likely be the one you remain on.

The troubles many people have when changing the way they handle their finances stems from a lack of internal introspection about their true wants and desires. For instance, if long-term wants overrule short-term wants, then why does the short-term often win? A lack of discipline is often the cause.

Are you serious about getting on track to realizing your highest priority financial goals? Yes? Then first take the time to look within yourself and consider what you want to accomplish and why. Secondly, make that which you want as tangible as possible. Take for instance a person who wants to buy a certain type of house or live in a certain neighborhood. Going and driving by such homes will provide an experience and memory that can be continually referenced. This is not simply to kindle one's dreams. It serves as real experience to reference when faced with challenges that either impede or retard the progress towards your goal(s).

Know your goals, why you want to achieve them and realize how tangible they are. Take the time and effort to plan on how you will reach your goals. Remember, long-term goals are not something that you will achieve overnight. Setbacks will likely occur. Use them as a learning experience to better yourself for future difficulties. As long as you keep moving forward, you are progressing toward the goal you desire.

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