

# JEFF SPROWLES AND ASSOCIATES, LLC

FEE ONLY FINANCIAL PLANNER AND INVESTMENT ADVISOR



VOLUME 1, ISSUE 1

## THE (NOT SO) ALMIGHTY DOLLAR

MAY 16, 2007

QUARTERLY NEWSLETTER AND UPDATE

### Dear Valued Clients and Friends,

Welcome to Jeff Sprowles and Associates' newest media partner—*The (Not So) Almighty Dollar* Newsletter. This issue has been mailed to current and former clients, as well as friends and people with whom I want to establish or re-establish a connection. If you don't wish to receive future issues please contact me and I will take you off the mailing list.

My clients receive a quarterly letter and performance measurement report for accounts I am managing for them. I also call or exchange e-mails as the need arises and we meet periodically, a minimum of once per year. Some of my clients e-mail between letters to ask me how the market is doing or with questions about some aspect of financial planning or investing. The idea of this newsletter is to provide some general information about markets or securities that I use in my practice and thoughts about financial planning and investing that might be of broad interest.

I hope you find this interesting if not useful. Please contact me with any comments or suggestions you may have for future issues - let me know what you want to know about.

Sincerely,

Jeff Sprowles, CFP®

### Mid-Quarter Update

- S&P 500 – domestic large cap
  - 3/31 to 5/15 5.9%
  - YTD 6.6%
- Lehman Intermediate Gov Bonds
  - 3/31 to 5/15 0.3%
  - YTD 2.0%
- 90 Day U.S. Treasury Bills
  - 3/31 to 5/15 0.8%
  - YTD 2.1%
- Jeff's Default Stock Model
  - 3/31 to 5/15 5.5%
  - YTD 6.9%
- Jeff's Current Stock Outlook
  - 100% of target

### SPECIAL POINTS OF INTEREST:

- Get the individualized attention you deserve
- Let Jeff make your money work for you
- Get objective "fee only" advice from Jeff Sprowles and Associates, LLC



Certified Financial Planner

### MARKET COMMENTS

When the market has been dramatically up, as it has in the past few weeks, there is a temptation to take profits or otherwise avoid losing some of one's recent gains. I think it is important to use objective standards to make this kind of a decision. If I followed my emotions I would have cashed out of the market at the end of 1996.

The indicators I monitor suggest that 2007 will be an above average year in the market. Through yesterday the S&P 500 was up 6.56%. An "average year" would be in the 10% to 12% range so I have an expectation of at least another 400 basis points before the end of the year. There still may be nasty times including a "red" quarter. Nevertheless, I am sticking to 100% of equity target for now and probably through most of 2008. It doesn't hurt that freight traffic on the Norfolk/Southern railroad outside my office window appears to be heavier than usual, indicating a good economy. My tracking of freight traffic is anecdotal and non-scientific.

CURRENT INVESTIGATION – I am frustrated with the flat yield curve of the last three years. For some clients I am beginning to move into market-neutral hedge fund vehicles with funds meant for the long-end of a fixed income ladder.

*We are on the Web!*  
[www.sprowles.com](http://www.sprowles.com)

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945 Langhorne-Yardley Road • Phone: 215-310-9693 • Fax: 215-693-6233  
Langhorne, PA 19047 • Cell: 215-630-2621 • E-mail [jsprowles@sprowles.com](mailto:jsprowles@sprowles.com)

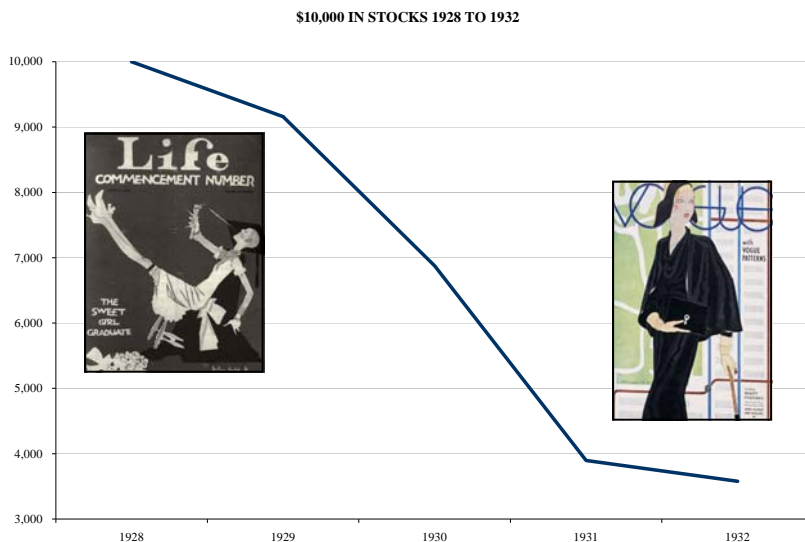
### FACT OR FICTION??

#### Can women's skirt lengths predict stock activity?

There are various theories that tie non-financial events to stock market performance. For example: Which conference has won the Super Bowl? How close are we to a presidential election?

One theory suggests that the stock market moves up and down in concert with skirt lengths. At right is a *Life* cover showing a flapper of the late 1920's (1926 to 1928 were the only years before the mini skirt when lengths were above the knee). The *Vogue* cover from 1931 depicts a much lower skirt length. The line chart shows a much lower stock market from the end of 1928 through 1932.

Join *The (Not So) Almighty Dollar* in subsequent issues as we chase skirts through history. Can we predict market movement through fashion?



*Jeff Sprowles and Associates, LLC, is committed to providing individuals with excellent financial planning and investment advice services at a reasonable price.*

### FINANCIAL FABLE OF MISS HAVISHAM

Miss Havisham is worried. She lives in relative splendor and financial security generated by her \$5,000,000 portfolio of securities and her house worth approximately \$1,500,000 despite its rundown condition. However, she has been advised by her attorney that if she does not make some gifts to her numerous nieces and nephews, the U.S. government eventually may take 45% of her assets over a certain amount, the amount de-

pending on the year in which she dies. Miss Havisham is leery of making significant gifts to her relatives. In the past she made a considerable gift to a nephew expecting him to use the funds for higher education. When he attained the age of majority he used the funds for some high living instead of tuition and books for studies at Yale. She does not want that to happen again. She also doesn't like paying taxes on the income

from her securities. Jeff has provided a recommendation to Miss Havisham and her attorney that both like. It involves helping all of her numerous relatives under age 18 in a way that gets the gifts out of Miss Havisham's taxable estate, removes the income from her income tax returns but does not risk placing control of the assets in the hands of 18 year old *bon vivants*.

*(Answer and the Winner will be posted on [www.sprowles.com](http://www.sprowles.com) on July 10, 2007)*



**Do you think you can help Miss Havisham?**

E-mail your answer to Jeff by June 30, 2007. Author of the best answer wins lunch for two with Jeff at The Nassau Club.