



ALTIUS
Financial

Empowered Future Report

Short term thoughts about long term matters

October 7, 2011

Quote of the Day:

"I want to put a ding in the universe." -- Steve Jobs

More Jobs

Most of the time, when I write in this space about important persons that we should learn from, it's about historical people long gone. I continually harp on the fact that history repeats itself and that we can learn so much from the past if we'll only draw out the principles. But today I have to pay tribute, as so many Americans are (both here in this country and Americans in spirit around the world), to that consummate entrepreneur, Steve Jobs, who most certainly put a ding in our universe.

When our fellow citizens and our politicians yell for "more jobs", today I could not be in more agreement: we desperately need more Jobs, as in, more people who have a vision of what they really want and know that others will want something similar - and then they go build it. There are lots of people out there who talk about entrepreneurs but not that many who truly understand them. The man who coined the term "entrepreneur" and one of the very best economists of all time, Jean Baptiste Say, had this to say:

The entrepreneur shifts economic resources out of lower and into higher productivity and greater yield.

The entrepreneur is necessary for the setting in motion of every class of industry whatever; that is to say, the application of acquired knowledge to the creation of a product for human consumption.

Steve Jobs shifted resources out of lower productivity into higher productivity and showed us all that technology could not only be productive but fun and elegant as well. It is people of the persistence and leadership of Mr. Jobs that set in motion every class of industry and make our lives better in every way. We owe them so much and today we both celebrate and mourn an American hero.

Productivity Pillars

In our client meetings and at our workshops you have heard me talk about the importance of underlying principles in investing. I also think it's crucial to look at the wider environment within which investors make decisions - the fundamental "lay of the land" or what makes any society able to produce wealth. I call these "lay of the land" principles our Pillars of Productivity in accordance with our ALTIUS theme/logo. The ALTIUS Pillars of Productivity are:

- Cost of capital - relatively low and market based interest rates
- General Price Stability vs. Inflation/Deflation
- Free Trade vs. Protectionism

- Non-arbitrary Regulatory Environment
- Low Tax Rates - incentives to produce, save and invest
- Rule of Law vs. Rule of Regime
- Security vs. Uncertainty

These Pillars are strong in any thriving economy; whenever you have all of them present, they result in healthy, vibrant commerce and a diverse and growing economy. The converse is also true: to the degree that these attributes are missing, you have stagnation, higher unemployment and a shrinking middle class.

While we don't make our investment decisions based purely on these macro-economic factors, we do grade each one of these pillars in terms of whether they are positive, neutral or negative and that does drive our Capital Markets Outlook. Be sure to attend our workshops to see current grades. In future issues of our newsletter, I'll explore each of these in more detail and take current headlines as evidence for our scoring of these underlying causes.

Tux Times Two

So, when not in the office, I'm usually a jeans and T-shirt type of guy but you'll be proud to know that I actually donned a tuxedo twice over the last week or so. My sister, Shari, got married and invited us all to be part of the wedding party so we got duded up and officially welcomed, Bob, my new brother in law into the family. And then Sandy and I attended a charity event: The Book-Lovers Ball at the Denver Public Library where we rubbed elbows with some impressive folks and danced among the book stacks. It's been fun but I'm looking forward to a nice relaxing weekend...in my shorts (hopefully, this beautiful Colorado autumn continues).

Thank You to Our Client Advisory Board

Most of you know that we have a Client Advisory Board who meet with us every 6 months or so and I want to give them a special thank you. They've given us some very positive and constructive feedback over the last year and some excellent ideas on how to improve our service to you.

Upcoming Capital Markets Workshops

Be sure and save the evening of Friday, November 4th for our next Capital Markets Outlook. I'll be giving an update on our view on the markets and strategy and our second topic is: Healthcare Now: What You Need to Know where we'll have a couple of subject matter experts providing perspective on such a hot topic. We're trying a little different time and will have wine and cheese refreshments. Hope you can join us!

Talk to you soon –Mike

