

# WEST SIDE NEWS

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## Your Money, Your Business

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## Already, The First Six Months Are Over

Seemingly, just a short while ago, we began 2010 with hopes of calmer seas, clarity in regulation, and warmer embracement of productivity. Six months later we might settle for a simple acknowledgment that America is in fact good and that our systems have not only led to our own unprecedented history of prosperity but also enabled us to share that bounty like no other society before.

Without question, the diseases we are battling are significant and complex. The medicines being administered seem worse, either because the Rx is wrong or the formula is so fluid. At every level (individual, corporate, government) we gawk at the evidence of what happens when our actions aren't guided by

those fundamental values that have stood the test of time.

The first six months of 2010 included Toyota struggling with cars that won't stop; a flash crash on Wall Street yet to be explained; the failure of 88 more banks; a mine collapse in West Virginia; an oil rig disaster in the Gulf of Mexico; a Federal government that has spent \$700 Billion more than it took in; state and local governments with unprecedented deficits; a 2000+ page health care bill was passed; a new General was put in charge of Afghanistan; Greeks (among others) rioting over austerity measures; uncertainty as to whether the housing crisis is over; and an unemployment level which remains way too high.

The six months ending June 30, 2010 saw the S&P 500 decline 6.7% and the Dow Jones Industrial Average fall 5%. Generally, first quarter corporate earnings were robust but in few cases did this translate into sustained higher share prices. International markets were even worse with the EAFE declining 13%. For this same six month period, Gold went from \$1100 an ounce to \$1246 per ounce. The yield on the 10 year Treasury went from 3.84% to 2.93%. Oil went from \$82.53 a barrel to \$75.63 a barrel.

So much for calmer seas.

The good news is that America is not only good but we are the very best. Even with our mind-boggling debt and paltry yields, the world still buys our debt when they want safety. The American worker remains the most productive in the world. The American spirit remains defiantly undaunted.

At NBT we remain committed to customized investment allocations for each of our clients. These allocations are driven first by our clients' needs and preferences; and secondly, by our assessment of markets and the industries and companies within. Continuing to focus on all aspects of wealth manage-

ment and not just investment management is serving our clients well. Solid portfolio construction is absolutely vital but times like these prove yet again that cash flow is important; taxes must be monitored; other capital sources must be considered; expenses must be scrutinized; and hard questions must be asked.

Focusing on high quality corporations and exposure to various equity styles is critical. Moreover, a carefully constructed, high-quality fixed income portfolio is a safety net that should be present in almost every investor's portfolio. In these uncertain times, the value of the NBT approach to wealth management can hardly be measured in percentages. No, the seas are not calmer but our pilot house is ready for the challenge and we are blessed to have the most experienced, capable, and caring crew on board. It is our pleasure to serve our clients and we do so with the greatest of gratitude.

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