

JULY 2003

Independence Day (Decade?)

As America celebrated its 227th year of freedom, we wanted to join the party by selecting numerous factions/interests that too are advancing the course of independence. Conclusions drawn are most positive, although work still needs to be done in some areas.

INDEPENDENCE DAY-AMERICA!

Dump some tea in the harbor and next thing you know you are the world's only superpower. As we have discussed in previous newsletters, the grandest of all current investment themes is the fact that communism in the likes of Russia and China has been both defeated and neutralized.

Unfortunately, the process of the rest of the world trying to join a free and capitalist global system is not pretty in every respect. Witness the mess with AlQueda. Slow as it may seem, though, the process is working. Much has been said of how ridiculous it appears when the west is often seen fighting parties (Sadam Osana) that we previously supported some when along the way. What one must remember, however, is that despite how awkward it may look now, we were more often than not supporting someone like Osamin in Afghanistan because he was anti-Russian at the time. Similarly, our craziness in Vietnam was really over fear of China.

The point here is that all is changing...and for the good. The world is largely "independent" of threats from Russia and China. No longer do we (the west) have to support despots, if only because they are on the other side of the fence from us.

Yes, there will still be some polarization as regards the rest of the world's fear of our power, but the point is that we now enlist Russia's assistance in places like India/Pakistan while China may help resolve the Korean crisis. On a focused basis, look at how our domination of Iraq has allowed us some refreshing independence from Saudi Arabia and freer hands to deal with the Israel/Palestine conflict.

Hopefully, this global from the Cold War will mean that decisions made now in the Middle East and the trouble spots will not look so wobbly twenty years from now and may actually lend to a freer world overall.

WALL STREET

Sometimes the only way to truly define a word like independence is to clearly state what it is not. Wall Street has been shown to be far from independent and while a few boxes of tea have been dumped in the harbor by the Elliot Spitzer, the world and the occupying forces have not yet left their offices. Sure, research analysts now have multipage disclosures of how they have no financial interest in their writings (is that possible, or are they truly working for free). Incidentally, reach ratings at

most firms are no longer 95% “buy”, but roughly 1/3 buy; 1/3 hold; 1/3 sell. That sort of managed collar should be wonderful, but shouldn’t truly.

Your comments and questions are always welcomed.

Important Disclosure: “It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities discussed in this newsletter.”

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