



Plain Vanilla May 14, 2012

Last Thursday evening, JP Morgan announced it lost at least \$2 billion on trades related to “egregious” errors on its “synthetic” investments. Once again, the complex products that were meant to protect the bank instead blew up in their face. If you have to use the word “synthetic” in the same sentence as investments, maybe you should rethink your strategy. Perhaps if JP Morgan stuck to the business of making better loans, it wouldn’t be so enamored with a need for such complex “protection.”

When will we ever learn? How can so many bright, highly educated former students from the hallowed halls of Harvard business school and the like so utterly and completely fail us?

Mark my words. The age of Plain Vanilla investing is set to rise. The notion that adding Snickers, Gummy Worms and Sour Patch Kids will make your bad vanilla taste better is ridiculous. More expensive perhaps, but better? Unless you’re five years old, no way!

If people would simply focus on making better investments at the core, and paying attention to what’s simple, maybe we’d be a lot better off. Wall Street has failed because the obsession with the complex and intellectually elite has caused us to take our eyes off the ball.

In spite of the election year politics and an imposing fiscal cliff, a once in a generation shift is at work in the economy, aligning the stars uniquely in our favor. In its own return to vanilla ways, America is in the early stages of an industrial renaissance, made possible by the advent of cheap natural gas and a corporate sector that has taken its fiscal medicine. We’re fitter than anyone on the planet, open to business, and ready to compete. Consumer confidence, in spite of high unemployment, is at record levels, and people are even starting to buy homes again.

We’ve said it before and we’ll say it again; now is America’s time to shine.

If you’ve been burned one too many times by the very things you thought would give you some protection, give us a call.

Our vanilla is pretty damn good.

Kindest Regards,

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