

INVESTING AGAINST THE GRAIN

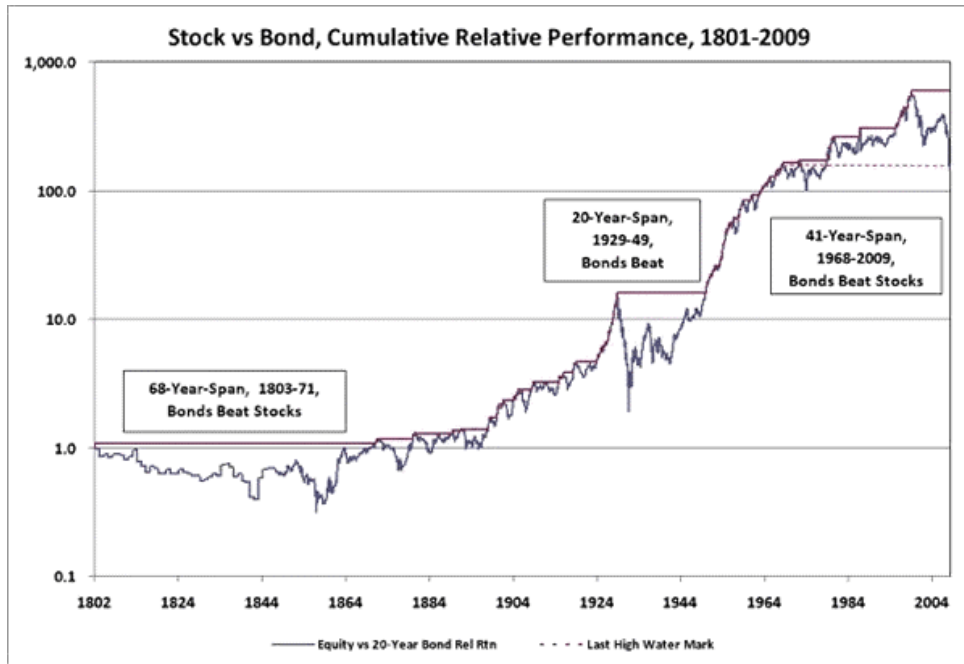
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As you may recall, Central Plains Advisors asked all our common stock clients to move to our bond program in June of 2000. Since that time, we have striven with some success (with emphasis on some) to steer new clients out of stocks and into bonds—government bonds only, that is. It has been a difficult endeavor, but quite rewarding for those who saw the light.

The equity cult which has built up over the last sixty years has been powerful and quite self-fulfilling. Arguably, Vanguard's use of equity index funds has force-fed the process. Would it surprise you to know that from 1802 through 2009 bonds outperformed stocks 62% of the time? Now you might ask, "What does the 1800s have to do with 'modern America'?" We agree with the validity of the question. However, from 1925 through 2008 bonds have outperformed stocks 73% of the time.

However, this does not mean that year by year, bonds have outperformed stocks overall. It simply means that there are long periods of time when bonds are the place to be. We believe the recent period from 1968 through 2008 may at some point make equity-only investors take a look at bonds.

As we have also mentioned in the past, we believe a buying opportunity of a lifetime may be in the offing for common stocks over the next year or two. When the time comes, everyone will likely be so disillusioned with stocks that they will refuse to buy them. That has mostly been the case in bonds since 2000. See chart below:



Adapted from John Mauldin's eletter