

“Great minds talk about ideas, average minds talk about events, and small minds talk about people.”

~Eleanor Roosevelt



The small minds of the investment community are focused on one **person**: Ben Bernanke-- analyzing and second-guessing his every move and phrase. Will he cut interest rates? When? How much? Certainly, these questions affect the financial markets. The Fed is charged with maintaining liquidity and stability—not propelling the stock market forward. Whether rates are cut ¼ or ½ point **will** matter in the short term, but long-term they'll get it right.

Many investors are focused on the slump in the housing market—an ongoing **event** in which mortgage brokers are being laid off by the hundreds, along with the realtors, construction workers and others in this sector that makes up 20% of our economy. The events are by no means trivial. However, the housing market is not highly correlated with stocks and bonds. As the stock market collapsed in 2001-2002, housing posted double-digit gains. Our economy **can** keep humming, even as house-flipping screeches to a halt.

Although great investor minds (including us here at BIC) keep a close watch on key people and events, we maintain our focus, discussions and investment philosophy on the **BIG PICTURE**: **ideas** that form the foundation for companies, investors, and humankind to thrive and prosper.

The big picture right now is painted bright: **GLOBAL GROWTH**. Capitalism is being unleashed across the globe at an unprecedented rate, as advances in communication and transportation spread ideas from country to country. Cell phones and internet access are ubiquitous, even in remote regions of developing countries, and travel is no longer a privilege reserved for the wealthy. Folks from the emerging middle class from Chile to Sri Lanka are going places, observing different cultures, learning foreign ways. Travel and communication educate people and bring about demands for improvement.

Economic progress is the idea fueling global growth. Asians, Latin Americans, Eastern Europeans, and even Africans are seeing the prosperity of developed countries and demanding to enjoy a piece of the economic pie. Happily, one country's gain is not another's loss: synergies are emerging that expand the global pie and make all better off.

For sure, stumbling blocks continue to emerge: terrorism and the threat thereof, assets like Nevada real estate and Chinese stocks occasionally becoming overvalued, localized droughts and hurricanes. Scary stuff that merits our attention and sometimes, quick action. But we're staying focused on the big picture: 4 billion people getting up every day and going to work: producing, creating, innovating, solving problems, making our lives and our portfolios, thrive.

INDEX	08.24.2007	12.31.2006	%Change
DOW JONES	13,379	12,463	+7%
S&P 500	1,479	1,418	+4%
NASDAQ	2,576	2,415	+6.6%
Bond YIELD	4.63%	4.71%	-1.6%*

As we navigate the bumps and stumbles, let's remember not only the words of Eleanor, but those of her husband: "The only thing we have to fear is fear itself."

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