

## A WORD FROM THE ADVISOR

### Words from Oakwood Clients



*"Being in possession of great wealth made me a bit self-conscious at first, but I finally came to terms with it."*

Once again, we're hearing from clients as they grapple with fears. Uncertainty abounds. Concerns range from the prospect of large federal deficits, tax hikes, the oil spill, the economy's lack of job creation to family members' job insecurity. Unease about the future thrusts us into perhaps unfounded nostalgia about days gone by.

Inevitably anxiety leads to questions about how to best manage wealth in a stock market environment that remains unstable. The rough patch of 2007-08 gave way to 2009's soaring exuberance. Now, on the heels of the prickly first-half this year (stock values pulled back 10% in the second quarter), comes the inevitable flight to safety. In this context, we take a little time out to reexamine Oakwood's tailored solutions as a wealth manager. We asked a few clients to describe why they chose Oakwood as their advisor and how it has turned out for them. Their stories are illustrative.

(To protect client identities and confidentiality, we have used fictitious names and places.)

#### Gary Greenstein, CPA, age 57 Accountant

Gary, a senior executive with a big-three accounting firm in Century City, grew up in Torrance, California, the son of a hard working aerospace engineer. Married with a son, age 33, and a daughter, age 29, the UCLA-MBA says: "Growing up, no one in my family knew anything about financial management. With four kids at home, my folks pretty much lived from paycheck to paycheck. The only significant tangible asset was our house. If Dad got a bonus, he'd stick some excess cash into a mutual fund, and he invariably picked the one boasting the largest returns in the prior year. Then they would watch it shrink, cursing the stock market as the asset class entered its downward cycle. Growing up, investing seemed like a lottery, and an out-of-control, losing one.

"I went to B-school to guard against this fate. At UCLA, they drilled us in specialization, so it felt right to engage a specialist for my investments. I'm a tax guy, but I'm not ashamed to admit that I need assistance with my investments. I could do it myself, but then I'd be at my computer all day long, leaving no time for family. I do expect that with my early start, I'll accrue significant advantage, year-over-year, by having a professional firm manage my money. After a business trip to Beijing, I asked Oakwood to increase my overseas exposure in my personal account. My other portfolio—the inheritance from my dad that I'll soon use to gift each of the kids for their first-home purchase—I want that managed more conservatively."

Oakwood manages two pools of money for Gary; one for his family living trust, another for his personal inherited assets. In his trust account, because of his age and his global view of the world economy, we use Oakwood's more aggressive global equity strategy, with a customized 60% mix of US and global equity funds that have a greater exposure to medium and smaller sized value companies balanced with 40% in high quality, actively managed California tax-exempt municipal bonds. For his inherited assets, we again use an actively managed conservative California tax-exempt municipal bond portfolio in order to preserve capital and to modestly grow as an inflationary offset.



## Oakwood

Capital Management LLC  
1990 South Bundy Drive Suite 777  
Los Angeles, CA 90025  
www.oakwoodcap.com  
310-772-2600 800-586-0600



### **Sylvia Pritzer, age 49** **Graphic designer**

“To tell you the truth, I like a firm where cost matters,” says Pritzer, an award-winning graphic designer. “Since my divorce, I’m more burdened by private-school tuition for my daughter (age 17) and tutoring fees for my learning-disabled son (age 13). College looms for both. My dollars don’t stretch as far as they used to. For school vacations, it’s Zuma Beach all the way. And thank you, Walt Disney, for building your theme park in Anaheim!”

“I’m very worried by the deficit – what it means to my clients and ultimately, to me and my kids. I’m a freelance contractor and for years I had steady income growth, but don’t ask about the last two!”

“I signed on with Oakwood following 9/11. What I immediately liked was that they understood my apprehension; they didn’t belittle or pressure me, I began to invest cautiously. For the first three years, I was in short-term bonds and only gradually shifted to other asset classes. Like everyone else, I was hit hard in equities in 2008, but Oakwood demonstrated to me how asset classes cycle. I like the variety of investment strategies Oakwood offers. They offer me investment options I can understand and feel comfortable with. And all along the way, they communicate well, and schedule periodic face-to-face meetings with me.

To provide Sylvia sufficient funds for retirement, we want to grow her IRA until age 65, and delay tapping into it as long as possible. Her retirement portfolio uses Oakwood’s more conservative global equity strategy, with our customized mix of DFA funds that are tilted toward larger companies with more US exposure. We balance this with global bonds, incorporating inflation protected bonds along with short and intermediate-maturity fixed income instruments. For her personal money, where we need to generate income, we use our balanced strategies, as well, but with a bias towards dividend-paying stocks from Oakwood’s equity-income strategy. We blend the fixed income portion of this portfolio with a continuously managed taxable and tax-exempt fixed income strategy. Sylvia’s income sits on the cusp between two tax brackets, so we strive to optimize the tax situation on her interest income.

### **John Rutman, Mary Lou Presser, early-60s** **Technology consultant and non-profit fundraiser,** **both in early retirement**

Mary Lou tells us: “I’m John’s second wife. While we were dating, all I heard was how much he wanted to quit the rat race and enjoy life. We love to travel and we both love Southeast Asia. And, fortunately, living on John’s significant nest egg, we

can afford those five-star Asian hotels! Not working is hard for John because he’s very active intellectually. He won’t admit it, but he misses the challenge. I think he may go back to consulting in some capacity soon.”

John tells us: “I wanted my second marriage to be better than my first. For decades my business interfered with my personal life. It always gave me an excuse. Oakwood worked closely with me, advising me and, frankly, holding my hand through my decision to sell my business and retire early. They helped me transition smoothly to the way I’m living now; they brought in professionals to assist me in packaging my business for sale and by developing the best estate and tax planning for a smooth transition. The Oakwood relationship has been much, much more than money management. They provide me with a comprehensive approach to wealth management.”

“I had a prior relationship with the wealth management division of a large money-center bank and the account executive didn’t really dedicate much time for me. I was working so hard myself that I couldn’t focus on making a change. But for many years it wasn’t working. He was based in New York, so it was “phone only.” We never had lunch and he rarely came to Seattle. Believe it or not, I didn’t even know how my money was being invested. Since I started investing with Oakwood, I know exactly where my money is and in what investments strategies I am investing in. I know they’re looking after our interest when Mary Lou and I leave the country. That’s basically what I need—peace of mind. Oakwood also coordinates with my CPA and my estate attorney. The relationship allows me to travel and enjoy life with my beautiful wife.”

For John and Mary Lou, we use Oakwood’s equity income strategy of multinational, large-cap stocks that pay dividends and balance this with our actively managed, national tax-exempt municipal bond strategy for a Washington-state resident. After careful evaluation and coordination with his tax professional, we facilitated the conversion of John’s traditional IRA to a Roth-IRA, implementing an 80% global strategy, balanced with 20% short-term government and corporate bonds. We are deeply involved with this client, bringing in insurance professionals and tax managers. Part of the plan is a trust for John’s daughter from his first marriage. In that portfolio, we use Oakwood’s global fixed income, balanced with our capital appreciation strategy. Overall, in John and Mary Lou’s case, we incorporate all of our investment solutions in various asset allocations and asset classes, in order to satisfy different needs for different pools of money.



# Sober Snapshot for Global Stocks

Europe's debt troubles, with Greece as poster child, combined with a Chinese slow down, where tightening on lending and land sales is aimed at subduing a real estate bubble, plus the specter of faltering US growth all contributed to a stock-market decline.

Europe remains spooked by the Greek meltdown, and transfixed on how far the contagion will spread through the PIIGS countries (Portugal, Italy, Ireland, Greece, and Spain) the more profligate economies that have over-borrowed. Concern in late April and May over the

weak fiscal position of these nations resulted in credit-market upheaval, as the prices for sovereign debt of such nations plunged and yields spiked. The credit-market tumult spilled into stock markets in the countries most affected, with Greece, Spain, Portugal and Italy's markets all down in the range of 12 - 15%, Greece was down a whopping 30% for the quarter. All European countries recently tabled serious proposals for fiscal retrenchment.

In contrast to the first quarter when the stock indexes of larger European

nations managed to stay in positive territory, these, too, suffered during the second quarter, with France and UK falling around 13% and Germany's DAX fell 3%, as opposed to its first quarter gain of the same. Germany's massive export sector may be set to outperform due to the second quarter's tumbling of the euro against the dollar, which makes high quality German goods more affordable. On the other hand, a weaker Euro is a headache to US exporters.

After a relatively buoyant spring, North America has hit a soft patch in which weak employment markets and renewed slowdown in housing have raised renewed fear of a double-dip recession.

Asia continues to recover relatively robust, but concern is surfacing that developed market customers may lack the ability to buy their products. Layered onto this is the Chinese government's cool-down policy having an impact on property and share markets.

The commodity firm-driven South American markets were affected by sagging commodities prices. Brazil and Argentina dropped; however Chile and Colombia gained in single digits. India and South Korea both held tight in the quarter.

One positive note: US real estate investment trusts (REITs) outperformed most asset classes during the first half of 2010. Outperforming their global counterpart as well, US real estate shined, surprising most pundits and once again demonstrating that REITs can behave differently than the overall stock market. ■

## Oakwood Conservative Global Equity

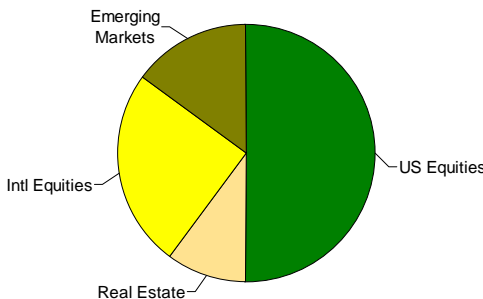
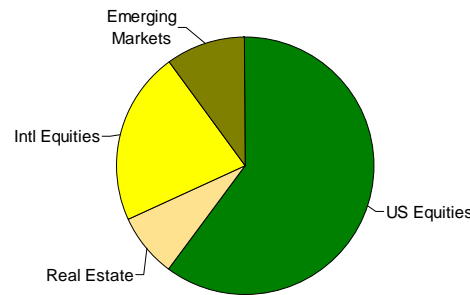
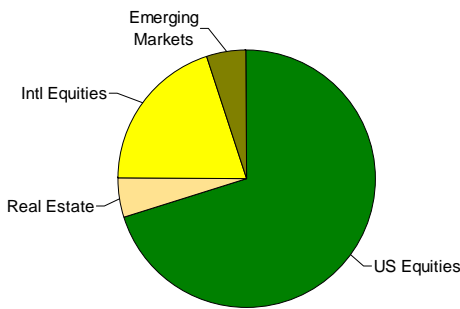
- Balance of value and growth as well as large, medium and small capitalization stocks
- Suitable for investors seeking income and long term capital appreciation

## Oakwood Moderate Global Equity

- Has an increased bias towards value by using multiple asset classes and greater emphasis on smaller capitalization stocks than the conservative strategy
- Suitable for investors seeking above average returns through long term capital appreciation

## Oakwood Aggressive Global Equity

- Has a higher non-US companies component as well as a greater value tilt and emphasis on smaller capitalization stocks than the moderate strategy
- Suitable for investors with a higher tolerance for risk seeking higher returns through long term capital appreciation



### What Helped Global Strategies in the Quarter:

- US Real Estate (REITs)
- Inflation Protected Securities
- International Fixed Income
- US Micro Cap stocks

### What Hurt Global Strategies in the Quarter:

- Large Cap International stocks
- Small Cap International stocks
- International Real Estate (REITs)



# Balancing Act

We are entering a period of uncertainty in which it's unclear whether the US economy will recover or slip back into recession. The market wants to believe the economy is strong enough to withstand the negative cross currents, and this belief is being sorely tested.

The events of the last quarter exacerbated global economic imbalances, increasing the vulnerability of the recovery. The world is looking for governments to strike the right balance between belt-tightening (decrease debt) and spending (stimulate the economy). The wrong decision or policy may well tip us back toward a recession and further deflation. Excessive debt across both households and governments remain a significant hurdle for corporate earnings globally. Governments continue to embrace policies reflecting their belief that problems are liquidity related, when in fact they are highly structural in nature. Working out excessive debt will likely require years of fiscal belt-tightening by consumers in the industrial world and in the public sector as well. If governments cut costs too drastically, however, world economies will remain sluggish at best. Currently, there is a wide gap between economists on how to solve the problem. The same dichotomy of beliefs exists among policy makers. The fact that no one seems to know what the correct balance should be has created doubt and price vulnerability in world stock and bond markets.

## Economy — a real mixed bag

The US economic environment is increasingly conflicted.

### Troubling Cross Currents:

- Softness of the US economy remains stubbornly in place. We see new home sales down, inventory build ending, stimulus package diminishing, state and local restraints and uncertain government policies restraining decisions in health care, financial and energy industries.
- Tax and tax is global. Spain, Greece and the UK have initiated value-added tax hikes. Japan is likely to implement fiscal tightening, and it's already starting in the US – unemployment benefits may not be extended, and many state and local governments are cutting back.
- The slowdown is global: US GDP is slowing, Euro zone GDP is retreating, and China GDP is likely slowing to the 7% area from over 10%.

### Promising Cross Currents:

- Unemployment claims are flattening out and may be trending down.
- A recent CEO survey of employment hiring plans showed its highest reading since 2006.
- Layoff announcements continued to decline.
- University of Michigan's jobs survey composite rose to 2004 levels.
- Corporate profits look strong.
- Mortgage rates declined to a record low.
- Railcar loadings continue to increase.
- Housing prices seem to be bottoming.

Given these cross currents, the question becomes whether we are entering another recession. One indicator with above-average success in gauging the economy six months out is the Economic Cycle Research Institute's (ECRI) Index of Weekly Leading Economic Indicators. Since its creation in 1970, it's only been wrong once, in 1987. It is currently down to -6.9% (see chart).

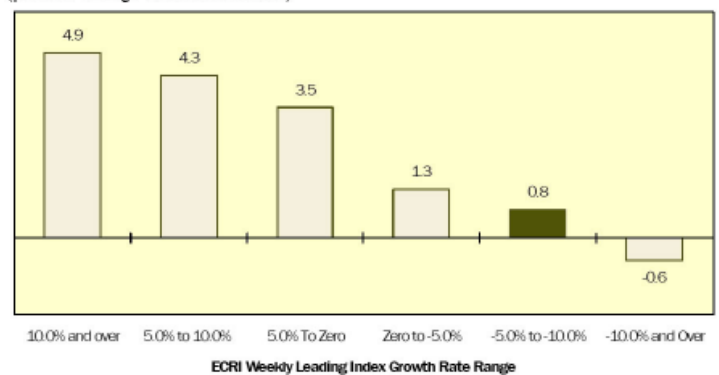
United States: ECRI Weekly Leading Index: Growth Rate (percent)



Shaded region represent periods of US recession  
Source: Haver Analytics, Gluskin Sheff

To gauge the correlation between the ECRI and GDP see the chart below.

United States: Average Real GDP Growth Rate Two Quarters Following Various Ranges in the ECRI Leading Index (percent change at an annual rate)



Source: Haver Analytics, Gluskin Sheff

As seen on the chart, the ECRI is predicting a slowing in real GDP growth to 0.8% at an annual rate in the second half of the year.

continued on page 7



# Oil Remains the Key

2010 is shaping up as a confusing environment for bond investing. Naysayers—including most sell side equity houses—urge investors to shun bonds. They question why investors would want to “waste money in an asset class with minimal return capability or interest-rate protection?” We respectfully disagree. Notwithstanding the skeptics, our fixed income client returns through the first six months of this year are solidly positive and well ahead of reported inflation, especially when calculated on an annualized basis. Bonds again prove to be an excellent asset choice for clients seeking stable income, principal protection and modest growth. Market prognosticators may be ignoring various market dynamics when trying to discern future return expectations from today’s anemic yield levels.

A further challenge facing bond investors is the proper use of corporate securities to enhance returns. Typically, corporate bonds perform best early in a strong economic upturn, as company earnings grow and yield differentials shrink. Investing in corporates at specific points in the economic cycle clearly leads to a noticeable improvement in returns compared to lower-yielding Treasuries.

During the recent stumbles in both the stock market and the broader economy, yield spreads are showing signs of widening, especially in financial and lower quality bond sectors. To mitigate this phenomenon, we invested heavily in shorter maturity corporate bonds that limit interest rate and event risk. Furthermore, most of our bond issuers actually manufacture products used internationally and all have exceeded their earnings goals.

Finally, investors are challenged by excessive liquidity in the banking system, its influence on inflation and future monetary policy decisions. This situation is exacerbated by mounting deficits and the Federal Reserve’s very loose “zero interest-rate policy.” Fears over higher interest rates have forced many investors to the sidelines, or alternately to a very-short-duration strategy. We have resisted this tendency to shorten and instead maintain a more aggressive duration profile versus respective client benchmarks which has benefited their portfolios.

## Treasury tracking

Economic cycles are directly linked to the US Treasury’s financing needs. We expect that during periods of economic expansion, mounting tax receipts will exceed government outlays, which in turn reduce the need to issue new Treasury securities. There have even been times, although somewhat rare, when overall government debt was reduced.

Unfortunately, because of today’s sluggish economy, the Treasury has been forced to issue massive amounts of new debt, intended to bridge the gap between exploding deficits and shrinking tax receipts. Financings include short-term US T-bills, intermediate maturity T-notes and long-term bonds. We show this dynamic in the following table.

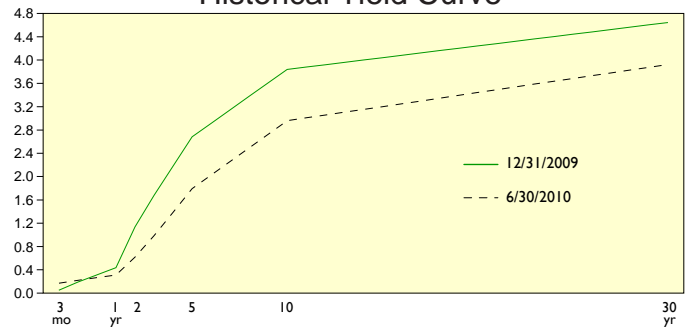
### 2010 Treasury Borrowings

Date	US Treasury Bills (B)	US Treasury Notes/Bonds (B)	Monthly Total
January	(104,029)	57,705	(46,324)
February	46,980	133,659	180,639
March	106,992	241,871	348,863
April	4,020	139,970	143,990
May	7,977	47,107	55,084
June	(73,007)	217,448	144,441
			<b>Total 826,693</b>

Source: US Treasury Department, Oakwood Capital Management LLC

This dynamic is demonstrated in the fact that over the year 2009 the Treasury raised \$1,503.73 billion in new cash. To date this year, the Treasury has raised over \$825 billion in new cash, with seemingly no end in sight. It’s astonishing that the markets are able to digest this level of debt and still maintain low interest rates.

### Historical Yield Curve



Source: Bloomberg L.P., Oakwood Capital Management LLC

We urge investors to resist complacency with this phenomenon. While many prominent economists, including Federal Reserve Chairman Bernanke expect low interest rates to continue for an extended period of time, we are leery. We believe that the markets can only absorb this onslaught of debt while the economy remains sluggish and inflation remains subdued. What factor might change this scenario?

## Oil rules

Absent an unforeseen economic surge which would almost certainly push interest rates higher, energy prices are key to the direction of interest rates. As reported several years ago, we find it difficult to connect the impact of high energy prices with a prolonged period of sustained economic growth and a call for higher interest rates. Conversely, markedly lower energy prices could lead to a strong economy. If this occurs, market participants would call for restrictive monetary policy and higher interest rates. Lower oil prices act as a direct tax-cut to consumers.

continued on page 7



MUNICIPAL BOND COMMENTARY

# Dodging Minefields

The municipal market faces challenges on a daily basis. Wealthy investors nonetheless continue to embrace the asset class, as 67% of the \$2.8 trillion in outstanding bonds are held by individuals with financial companies a distant second. (see chart) Despite this commitment, muni investors face minefields. One obstacle is anemic and deteriorating tax collections by state and local governments. Look no further than California to see how a weak economy combined with poor fiscal management leads to budget shortfalls and financial chaos. The governor signed a budget last year that included some cuts, raids on local funds and accounting maneuvers, in an effort to close the state's \$24 billion budget gap. Since then California has projected an additional \$6 billion gap. With unemployment now at 12.4%, we only hope the worst will be over soon. One certainty is that this environment warrants frequent review of portfolio holdings' credit quality to confirm financial objectives and maintain reasonable risk profiles.

### Holders of Municipal Debt

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Individual Investors</b>	1110.5	1234.2	1286.0	1350.5	1469.4	1586.7	1739.2	1791.4	1880.4	1889.5
<b>Financial Companies</b>	317.5	330.4	389.6	446.1	512.4	563.2	616.6	653.5	670.5	676.4
<b>Others</b>	175.4	198.3	224.8	234.3	244.1	253.4	263.1	231.1	252.8	268.4
<b>Total Debt Outstanding</b>	1603.4	1762.9	1900.4	2030.9	2225.9	2403.3	2618.9	2676.0	2803.7	2834.3

Source: Federal Reserve Board, Oakwood Capital Management LLC

One major emerging concern confronting municipalities involves pension and other long-term commitments made to retirees. States including Illinois, Colorado and Minnesota have under current consideration benefit cut-backs including cost of living freezes. In fact, Illinois faces a \$13 billion budget shortfall, equivalent to fully half its total yearly budget. Unfortunately, many of these benefit modification proposals are likely to be challenged in court.

### Issuer's day of reckoning approaches

So have tax exempt issuers finally awakened to the need for structural adjustments well beyond incidental cuts or accounting maneuvers in order to balance budgets? Not really. On balance, they still continue to address shortfalls through the issuance of more debt. Reining in the gap between revenue collections and spending involves political conflict, so many continue to rely on one-off solutions to long-term problems. Since nationwide employment peaked at 115 million in 2007, businesses have cut approximately 8.5 million jobs, a 7.4% reduction. By contrast, local governments continued adding employees through 2008 and have since fired only 140,000, or less than 1 percent. Provisions within public employee contracts or other labor agreements may well hamper the ability to cut back further.

Chapter 9 bankruptcy for municipalities is available, but rare. States cannot renege on obligations simply by declaring default, although many threaten to do so. Still ratings downgrades can affect the value of a bond and impair its liquidity in the marketplace. This can devastate a client seeking liquidity to meet cash needs, in contrast to a professional manager, like Oakwood, who endeavors to take advantage of market opportunities or portfolio restructuring.

Through our extensive security selection process and insistence on holding only the highest quality securities, we are pleased to report positive performance through mid-year. Furthermore, all holdings are liquid and are readily available to meet client needs, if necessary, or to implement changes in strategy.

We see recent evidence that the tax-exempt municipal sector is lagging taxable bonds, which is clearly reflective of municipalities' financial woes. To capitalize on this, we continue to swap our low-yielding short maturity positions, in favor of 5- to 10-year bonds. This allows for yield improvements well beyond Treasuries and on a tax-adjusted basis, represents approximately one percent more yield than comparably rated high quality corporate bonds. This relationship is shown in the following graph marked yield comparisons.

### Tax-free vs. Taxable Yield Comparisons

	5 Year	10 Year
<b>High Quality California Yields</b>	2.22% (3.42%*)	3.70% (5.69%*)
<b>US Treasury Notes</b>	1.80%	2.95%
<b>High Quality Corporates</b>	2.50%	4.25%
<b>Tax-free vs. Taxable Differential*</b>	+92 BP's	+144 BP's

Source: Oakwood Capital Management LLC

### California's elevated yields

Despite the concern, we are finding good value in select communities throughout California. As you know, California is large, diverse, and includes numerous well-managed and/or wealthy communities, while the State is among the lowest rated and worst run. The state-wide bias stigma drags down the securities of more desirable local communities. This provides an opportunity for both in-state and out-of-state clients, to capture historically high relative yield. In the past, California yields were below lower taxed states, not higher. To further reduce the potential for risk, we continue to focus our attention on dedicated sales tax revenue bonds, essential service type providers or select general obligations rated AA or higher.

Investors need to be aware of the difficulties facing issuers of municipal bonds. The power of timely market information  
continued on page 7



Words from Oakwood Clients from page 2

### John Tyler Private School Endowment Fund Endowment client

“We’ve been with Oakwood since mid-1998. For the first two years, we felt quite flush so we gifted out generously, using all of our endowment income and some of our principal. Now, twelve years later, our balance still stands at over five million dollars, even after the tough market of 2007-08. Prior to working with Oakwood, we were extremely cautious and missed many investment opportunities. We primarily owned CDs and money market accounts.”

“We got off to a great start with Oakwood. Despite the ‘bear’ market of 2000-02 we continued our gifting. In early 2009, Oakwood suggested a transition to their global equity strategies incorporating a social conscience and sustainability overlay for the investment selections, and we’ve grown more comfortable in being slightly more aggressive with this security mix. We’ve also expanded into different asset classes, adding incrementally greater risk and return. This suits us, and if it didn’t, we’re certain Oakwood would respond appropriately. We have become very happy clients.”

We started to manage the John Tyler Endowment in a balanced portfolio of domestic stocks and bonds. Over the years, they have become more sophisticated in their investing due to our ongoing education and a progressive board. They wanted to enhance returns without taking substantially more risk. We now maintain a balanced growth asset allocation, but with the equity portion, we use Oakwood’s customized DFA moderate global equity strategy balanced with a managed taxable intermediate maturity fixed-income portfolio utilizing government and corporate bonds. ■

### Oil Remains the Key from page 5

This would prompt significant changes to our current bond strategies that would entail extending many short corporate positions, in advance of strong earnings and a contraction in yield differentials.

To offset the more aggressive nature of extending corporates and to achieve a defensive duration target, we would hold cash and shorten Treasury holdings. These changes increase yield, capitalize on the potential for spread contraction and reduce our exposure to rising interest rates. As always, we stand ready to alter this view quickly, if needed. ■

Balancing Act from page 4

### Shift to the dividend side

Most large corporations are on solid financial footing. But while corporations have plenty of cash on the balance sheet, growth prospects for a wide swath of corporate America remain limited. Our complex, multi-layered system of government is slowly facing the need to shift from extreme spending to austerity. American households are similarly in the early stages of belt tightening, adjusting debt levels to their current income stream. We believe that these fundamental shifts in government and household behavior will dampen economic growth, and constrain private fixed capital formation in the US. Thus, we anticipate US corporations will increasingly allocate cash flow to dividends and share repurchase vs. new capital investment. We also expect to see increased merger & acquisition activity. We continue to believe that dividend yield rather than price appreciation will constitute the larger share of total return from large-cap US equity portfolios in the coming year. Selection will be paramount.

For the Oakwood Equity Income portfolios, we steadfastly implement an investment strategy of quality, safety, and value along with dividends. This is particularly appropriate now as yields loom especially large in a deleveraging deflationary cycle. We continue to invest in companies with defensive characteristics, dividend growth, positive net free cash flow, earnings stability, strong balance sheets, and liquidity. We look for opportunities to increase yield. We continue to hold excess cash in the portfolio, keeping powder dry for new and more attractive opportunities.

For Oakwood’s Capital Appreciation portfolios, growth at a reasonable price is the key criteria for company selection rather than dividends. But we are structuring the portfolio defensively by owning mid-cap quality companies with relatively low debt. With our excess cash we will continue to look for unique buying opportunities of undervalued growth companies in emerging industries. ■

### Dodging Minefields from page 6

tion and state-of-the-art systems combined with extensive experience are essential tools to making and monitoring investment decisions. This gives Oakwood an advantage that our clients enjoy. For the balance of the year, we expect investors to increase their allocation to municipal bonds. As the stock market struggles for direction and international problems mount, munis are a safer option for investors seeking shelter from taxes. At some point, an improved economy will inevitably push interest rates higher and favor higher stock positions. We’ll keep you posted as a clearer picture emerges. ■