



Sigma Summaries

Vol. 31, No. 1

January 2004

What A Long, Strange Trip It's Been!

As the Grateful Dead crooned, "What a long, strange trip it's been." This year will mark 20 years of investment counseling for me. Indeed, what a long, strange trip it's been. As a youngster, my friends and I would spend our winter evenings playing board games (summer evenings were ALWAYS spent playing baseball, or curb baseball), and a perennial favorite was "The Stock Market." I never lost the passion for investing, and as many acquaintances know (including my dear friend Ken Janke, Chairman of the National Association of Investors Corp {NAIC} and an AFLAC director), I sold my 100 AFLAC shares in 1982 for \$14 per share to buy my fiancée, Shari Ward (now my wife of 21 years), her engagement ring. Based upon the compound annual return of AFLAC over that time period, that ring is now worth over \$50,000! I bought the shares back a few years ago, and now I have the best of all worlds!

I joined Chuck Ricker, CFA, and founder of Sigma Investment Counselors, in 1984 with the understanding that, if things went well, perhaps in 10 years I would be given the opportunity to buy the firm from him. As fate would have it, Chuck suffered rapidly deteriorating health and passed

away in August 1987. I was running the firm by mid 1986, and bought Chuck out in early 1987. On October 19, 1987, the market crashed and at the age of 26, I knew my career hung in the balance. More disconcerting to Shari, I had mortgaged the house (further) to get the funds to buy Chuck out. I vowed to simply work as hard and as smart as I could and let God determine the outcome. We kept the house. What a long, strange trip it's been!

Reagan cut taxes, Reagan got shot (although I don't think the two were related), two Georges entered the White House separated by two Clintons, the Berlin Wall tumbled, the twin towers of the World Trade Center crumbled, Britney came, Tina Turner came back, the baby boomers traded in recreational drugs (I never inhaled) for legal recreational drugs (turns your vision blue, I understand) and all the while, common stocks begrudgingly worked their way ever higher. Y2K, internet bubble, painful crash. Three years of misery. What a long, strange trip it's been.

Mandy, my eldest, is a sophomore at the University of Michigan. Can you believe that? Ashley, my middle, will be joining Mandy in Ann Arbor in the fall. Megan, THE BABY, a sophomore in high school, wants to go to medical school, convinced that

the study of hematology could unlock the secrets of the cancer that took her grandfather's life. All I can say is that with three to put through college, and one through med school, and three weddings, I sure hope we have an extended bull market for the foreseeable and distant future!

In that regard, I am optimistic. Less in spite of, and more *as a result of*, the transgressions on Wall Street, in corporate boardrooms, and in some of our formerly regaled regulatory institutions, I do believe that this country's best days are ahead of it. I think the excesses of greed and the loss of virtue are at a turning point. These things go in cycles, and while the condition of man is an ever-present affliction, I do think the lessons learned in the last three years will not be soon forgotten.

Further, while I am not a fan of armed aggression, I do think that the military action in the Middle East has permanently altered the terms of the debate. Fanaticism will be met with an equally aggressive response. Serious business. I think this portends an improving world.

China is a juggernaut. My friend, the late George Nicholson, CFA, one of the founders of the NAIC and a former football player at the University of Michigan (under

Fielding H. Yost) as well as a Harvard grad, used to say to me, “Bob, every population has a set percentage of genius among their ranks. Imagine the number of geniuses in China with its billion plus population.” We are starting to see this sleeping giant emerge from its slumber.

India is starting to awaken too. The Far East has been a major economic force for the last decade and now, even Europe is starting to get its act together. Innovation and inventiveness, combined with reformed capitalism and spreading democracy, is a potent force for global economic development.

In this regard, successful investing requires engagement. If you do not have confidence in the long-term prospects for the global economy, you should not invest in common stocks. Notwithstanding my enthusiasm, and in keeping with the oft-expressed sentiment of my colleague, Roger Steed, Chief Investment Officer of Sigma Investment Counselors, prudence should still guide one’s actions. Risk and reward should be measured against one another. In 2003, we saw the successful results of this tenet in our clients’ investment portfolios, with stellar investment returns.

All of us at Sigma Investment Counselors thank each of you for the confidence that you have placed in us in the sobering task of stewarding your wealth. We do not take this responsibility lightly and pledge our continuing diligence on your behalf. Happy New Year, and thanks too, for the many happy years over the last twenty. What a long, strange trip it’s been!

*Written by:
Robert M. Bilkie, Jr., CFA*

* * * * *

Please remember to contact Sigma Investment Counselors if there are any changes in your financial situation or investment objectives.

The information shown in this report is not investment advice and should not be considered a recommendation to purchase or sell any security. It should not be assumed that the strategies discussed will prove to be profitable or that future recommendations or decisions Sigma Investment Counselors makes will be profitable or equal the performance discussed. Sigma and its employees may from time to time buy and sell securities discussed. Your financial situation and investment objectives should be reviewed periodically to ensure applicability to your particular situation. A complete list of portfolio holdings for the previous 12-month period is available upon request.

