

February 28, 2014

“Owners of stocks...too often let the capricious and irrational behavior of their fellow owners cause them to behave irrationally as well.”

-WARREN BUFFETT

POINTS TO PONDER

1. Various prior EVAs have noted that bull markets rarely last as long as five years (this one will hit that age on March 9th) but, if they do, the eventual correction is severe. Similarly, GaveKal's Will Denyer points out that profit margins mean revert (in this case, head down) after four to five years. Corporate America is now in year four. (See *Figure 1*)