

“May You Live in Interesting Times”

There is an old Chinese saying that states, “May you live in interesting times”. We believe that we are, indeed, living in interesting times. As we discussed in our last newsletter, 2008 was full of historic events, both political and economic; and we wondered then if 2009 would also see historic events unfold. In short - it has.

It is difficult to analyze much of what is going on because there is no precedent with which to compare it. And often times, the “facts” surrounding an event change so rapidly as to make moot any analysis that might have been put forth the day before.

For example, executives at AIG were paid million dollar bonuses. There was a hue and cry that this was unfair, even un-American, in that the Federal government had given AIG billions of dollars just to keep it afloat. It then turned out that the government was aware of the bonuses even before it paid AIG the bailout money, and these specific bonuses were even protected by language in the bailout bill itself. (A fact which was denied, then admitted, then blamed on someone else by the chairman of the committee that crafted the bill – all within 48 hours). In the end, however, the hoopla died down and there has been no new “news” regarding this situation for weeks (although we’d guess that it has not yet been completely settled).

The point is - anyone trying to make a decision about their investments, their business, the economy or public policy based on the events of the day would have been horribly whipsawed by the rapid, and often contradictory, way that situation played out.

That is an unproductive type of “interesting time”, and is why we remain extremely cautious and conservative when examining financial, economic and political events these days.

Although “May you live in interesting times” is most typically regarded as a backhanded curse, it is sometimes considered a proverb meaning “your times will make your heroes”. We are confident that eventually the unsettled times we now face will be dealt with in positive way; for the health of the economy as well as for the greater good and by a collection of smart, well meaning individuals and through the organizations and institutions that they run.

It is our belief that positive change comes from collaboration between the public and private sectors and that neither one should dictate to the other. We simply believe that during these historic and unprecedented times finding this equilibrium might take longer than it has historically. While it certainly takes more than a little intelligence to define and solve a problem, it certainly takes much more cooperation and mutual respect to devise and implement that solution than can ever be reported in the media. In the meantime, we observe carefully, analyze constantly and act cautiously.

Therefore, we remain confident in the resilience of the American people (both at home and as a driver of the world economy), and that the ideal that capitalism and an ever-changing public policy (which is the natural result of our freely elected representative government) can peacefully co-exist, and will ultimately lead to the resolution of our current economic woes.

Thank you for your continued trust in Paragon Capital Management, and please know that we are always available to discuss your investments, the current economic environment, or anything else that you might want to chat about.

We know that in times like these you are looking to people who put your best interests first and not just a firm or organization that follows a cookie cutter approach to consulting and investing. Thank you for choosing us.

Regards,

Howard, Ward, Elizabeth, Ethel & Craig

A copy of our SEC Form ADV Part II is available to you at any time. This document describes who we are, what we do, and how we do it. If you would like to have a copy sent to you please contact Connie at the phone number, or e-mail, listed below.

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