



Eastwood
WEALTH

2013 Annual Letter

I hope this finds you and your family doing well! It seems like yesterday I sat down to compose the 2012 letter yet another year is almost in the books. First, thank you for the continued confidence that you have placed in Eastwood Wealth Management. Entrusting us with your family's financial future is the ultimate compliment, and we are completely committed to the realization of your family's goals and dreams.

For much of 2013, the financial discussion in our country has centered around the activities of our Federal Reserve, the central bank of the United States. Since the Financial Crisis of 2008, the Fed has been successful in providing the necessary resources to re-establish confidence and credit back to our financial system. Federal Reserve Chairman Ben Bernanke is set to hand over the reins to Janet Yellen in January. Assuming she passes the Congressional confirmation process, she will become the first woman to lead the bank in its one hundred year history. To appreciate the Fed as it evolves today, one must know of its beginning.

Late one evening in the autumn of 1910, a luxurious rail car was attached to the end of the train departing the New Jersey railway station. It was reported to be an opulent black car with brass railings, mahogany paneling inside, velvet drapes and plush armchairs. The car's only notation was a small plaque centered on each side that read ALDRICH.

The rail car belonged to Nelson W. Aldrich, an influential Senator from Rhode Island, father-in-law to John D. Rockefeller Jr. and Grandfather to Nelson Aldrich Rockefeller, the 41st Vice President of the United States. Senator Aldrich was considered to be the political spokesman for the business industry with extensive holdings in the banking, manufacturing and public utilities sectors. At the time, he was chairman of the National Monetary Commission and had traveled to Europe where he found centralized banking systems superior to those of the United States.

On this night, a small group of men, disguised as duck hunters, were instructed to reach the train station separately and use only their first name as to not draw any special attention. They were set to embark on a journey that would take them through our own Raleigh, North Carolina for a nine-day respite at an island lodge off the coast of Brunswick, Georgia. The ultimate destination was no ordinary island nor were these ordinary guests. The island, Jekyll Island, had recently been purchased by John Pierpont (J.P.) Morgan and several of his business associates. Jekyll Island was a place where the wealthy congregated to escape the cold of the northeast during the winter months to hunt ducks and deer. The passengers were an elite group of eight financiers, Senator Aldrich and seven others, who represented an estimated one-fourth of the total wealth of the entire world at the time.

Many of the attendees were fierce competitors, but agreed stability in the banking system was needed following several financial panics between 1873 and 1907. These financial crises were derived from currency drains as a result from institutions loaning out too much money and not keeping enough reserves on hand; a real life George Bailey Building and Loan scenario from one of my favorite Christmas movies, It's A Wonderful Life.

Ultimately, the outline that came out of the meeting was deemed the Aldrich Plan. This plan set forth a centralized banking system as the financial foundation for our country and was formally introduced to Congress in 1912. It did not pass, however, the future was paved. In 1913, President Woodrow Wilson and others used the basis of the Aldrich Plan to establish the Federal Reserve System which passed Congress under the Federal Reserve Act of 1913. Today, the Jekyll Island Club Hotel is a National Historic Landmark listed on the National Register of Historic Places and is touted by Travel and Leisure as one of the top 500 resorts in the world.

Currently, our world is filled with static commentary that often promotes an environment of instant gratification. For lack of clairvoyance, the future of financial markets is impossible to predict accurately. I certainly cannot and, without luck, no one has done so over an extended period of time. Ultimately, it does not matter that the Federal Reserve is purchasing government and mortgage-backed securities at unprecedented levels, whether interest rates rise or fall or our government is temporarily shut down when a solution is not reached. What matters most is that we, as a team, nurture responsible financial behaviors that promote long-term success as measured against your goals and the given time horizon.

At Eastwood Wealth Management, we believe that tomorrow will be better than today, and that patience and discipline are necessary to allow your dreams to come true. We strive daily to provide a better quality of life that allows you to spend more time with the people that you love, performing the activities that you enjoy most. This, we believe, is the American Dream.

Thank you for allowing us to be a part of your family and for being a part of ours. We hope your 2013 holiday season is the best ever and look forward to a prosperous 2014!

Best,

A handwritten signature in cursive script that reads "Tim".

Tim Evans CFP® CLTC
Founder

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