

## The IPC

The Investment Policy Committee (IPC)—formed by executives at Vorpahl Wing Securities, Inc.—meets once a month to discuss the economy and investments that may be used to construct portfolios fitting for FRG clients. Its members also sifts through the glut of information available to investors on the internet, on television, and in financial publications. We then filter out the "noise" and use only what, we believe, is relevant information that may be used to formulate strategic and tactical approaches to asset allocation.

## UPCOMING EVENTS

Who Will Change Your Light Bulb?

How to Avoid Scams!

Stay tuned for more details.

Visit our Website at [www.vorpahlwing.com](http://www.vorpahlwing.com)

## Mortgage Rates



## The Tenacity of a Tree

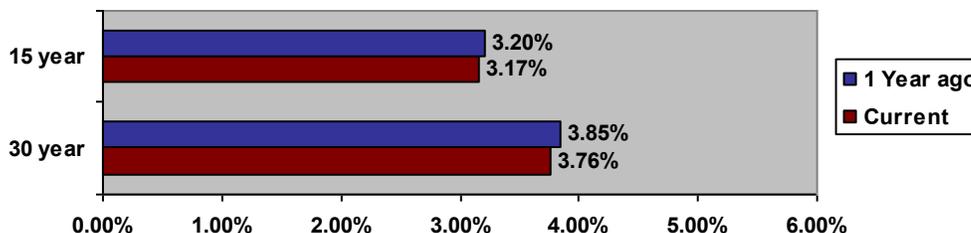
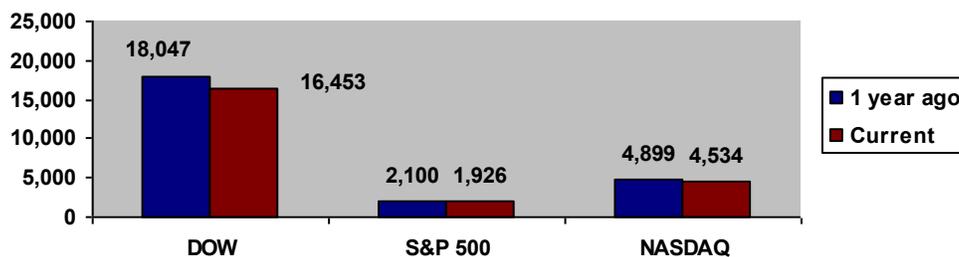
In the January IPC newsletter we stated how investors should listen to the wisdom of George Bailey from *It's a Wonderful Life* and not panic-sell, as some of the Bailey Bros. Building and Loan depositors did. We members of the IPC believe this is truer than ever. Why? Because of emotional investing. Here are some facts: During the period from 1995 through 2014, the 20-year annualized return for stocks was 9.9%. During that same period, the return for the average investor was a mere 2.5%. The reason: panic selling. When there is fear in the markets, emotions can get the best of an investor. Warren Buffet and the movie's Mr. Potter know this, and so they buy when others are fearful. Of course we understand that some things are easier said than done, but there are reasons why we think the markets will gain this year, albeit slowly, but still gain and end up in positive territory.

Obviously, the first reason is oil prices. Coming off triple-digit highs back in August of 2014, oil now trades around \$30 per barrel. We believe oil prices will rise to around \$45 per barrel (a conservative estimate). Saudi Arabia is losing around \$150 billion dollars per year at these prices. They can produce oil at a break-even point of approximately \$20 per barrel, but with so many entitlements, they need oil to be priced around \$85 per barrel. The reason Saudi Arabia hasn't cut production to boost prices is because they want a coordinated cut among the members of OPEC. We don't think the members are quite there yet, but we believe they are getting closer.

Another reason why we think the markets will end up in positive territory for the year is that we've examined one of the reasons why the markets have had the rapid sell off in the first place. During the good years (oil over \$100 per barrel), China and other major countries built up their foreign-exchange currency reserves. These reserves consisted mostly of stocks and bonds. Now with the drop in oil prices, China is being forced to sell these reserve investments to cover the budget shortfall, causing the market to head south. China only wants their reserves to fall to a certain level, i.e. this selling won't last. When the selling does stop, we believe the markets will resist more downward pressure, stabilize, and show signs of growth based on solid fundamentals. As Jane Hirshfield stated in her poem, *Optimism*, "Not the simple resistance of a pillow . . . but the sinuous tenacity of a tree." Trees with deep, strong roots are hard to knock over.

## THE MARKETS AT A GLANCE

Data as of 02/17/2016 from Morningstar



Vorpahl Wing Securities, Inc.

421 W. Riverside Ave., Ste 1020

Spokane, WA 99201

(509) 747-1749

fax: (509) 444-1750

[www.vorpahlwing.com](http://www.vorpahlwing.com)

## THE VORPAHL WING SECURITIES, INC. IPC MEMBERS AND STAFF



President and Chief Executive Officer, Tim started Vorpahl Wing Securities with a Vision: To be the *Premiere Independent Broker Dealer in the Northwest*. He started his career in 1985 after achieving his BA degree in Business with an emphasis in economics. His first position was as financial planner for Investor's Diversified Services (IDS) a nationally recognized Financial Planning firm, owned and operated by American Express. From there he moved on to Murphey Favre—a regional Broker Dealer firm Owned by Washington Mutual Bank.

After almost 10 years with Murphey Favre, Tim started his own investment company, Spokane Investment Services, in 1996. Three years later, he started Vorpahl Wing Securities. Also in 1999, Vorpahl Wing Securities joined the National Association of Securities Dealers (NASD), now FINRA, along with other

**(509) 747-1749**

[vorpahl@vorpahlwing.com](mailto:vorpahl@vorpahlwing.com)



**Chris Lefkowski**  
**(509) 747-1749**  
[chriscl@vorpahlwing.com](mailto:chriscl@vorpahlwing.com)



**Dennis Roginski**  
**(509) 590-7156**  
[denniscr@vorpahlwing.com](mailto:denniscr@vorpahlwing.com)



**Jon Strine**  
**(509) 995-7115**  
[jon@vorpahlwing.com](mailto:jon@vorpahlwing.com)



**Lee Nordstrom**  
**(509) 981-5407**  
[lee@vorpahlwing.com](mailto:lee@vorpahlwing.com)



**Travis Messinger**  
**(509) 863-1304**  
[travis@vorpahlwing.com](mailto:travis@vorpahlwing.com)

---

The content of this material is for information purposes only and is not intended to be nor should it be relied upon as a complete record or analysis; neither is it an offer or a solicitation of an offer to sell or buy any security mentioned herein. The information and expressions of opinion contained herein are subject to change without notice. Any returns of investment securities mentioned herein were based on past performance and is no guarantee of future results. An investor should consider their personal objectives, risk, time frame, along with all fees, taxes, and expenses associated with investing. This and other important information is contained in each fund's prospectus, which can be obtained from your financial advisor and should be read carefully before investing.

**Vorpahl Wing Securities, Inc.**

**(509) 747-1749**

**421 W. Riverside Ave., Ste 1020**

**fax: (509) 444-1750**

**Spokane, WA 99201**

**[www.vorpahlwing.com](http://www.vorpahlwing.com)**