



# Quarterly Update

WINTER 2012

NEWSLETTER OF BAKER BOYER WEALTH MANAGEMENT SERVICES

When we start a new year we ask ourselves to think of things afresh. We make New Year's resolutions with the purpose of casting away the doubts and the dissatisfaction of the past. We start anew with an eye toward problem solving and with the knowledge that we may have to endure some pain to have a better future. I am asking all of my readers in this edition of the Baker Boyer Newsletter to do just that: cast out your fears and dissatisfaction with Wall Street and politics, adjust your view of the economy as it has been for the last 60 years and embrace the future with the right frame of mind. In other words, have an eye on realism, pragmatism and have dogged determination to be successful.

In order to overcome your dissatisfaction and fears you must address them. They range from lack of confidence in the financial system in general, the uncertainty of Europe's future and the looming ascendance of Asian economies: in other words what we have known to be true for so long is not what the future holds for us.

Let's face it, the World Economic Order that we have all come to know and rely on isn't functioning as it once did. The U.S. and Europe have always led the World economy. This "Economic Atlantic Charter," existed because European countries produced expensive goods and



Americans purchased them, spurring on the World Economy. The current reality is that Europe has festered under bad policies and an overly aggressive social welfare system which have led it to long-term economic decline. So what does that mean for the U.S.? If the U.S. is one half the Atlantic Charter, where is our future? Quite frankly this confusion has led to more volatile economic markets as investors try to assess the ramifications of Europe's problems on the U.S.

We have also been dissatisfied and fearful of our leadership. Where are the famous statesmen of years past? Where are those leaders who had a shared passion to serve the American People, who we trusted to chart our course as a nation and made compromises for the greater good? Where are the Warren Magnusons, Scoop Jacksons, Slade Gordons and Tom Foleys? Recently they have been

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sorely missed and what we are left with is a dysfunctional government that is more interested in assigning blame than solving our problems. I am reminded of those famous words of Rodney King during the L.A. riots of the mid 90s where he finally, out of frustration said, "Can't we all just get along?" Fortunately, our nation has an opportunity to make itself heard this fall.

Finally, Main Street's resentment of Wall Street culminated with the Occupy Wall Street protests. OWS has simply put a face on the disillusionment all Americans have felt toward the avarice of Big Banks and their arrogance and indifference toward the responsibility they owe to their customers.

Now that we have acknowledged our dissatisfaction and fears we can start to look at how to overcome them. To do that we need visionaries.

I was chatting with someone the other day and we were talking about what makes a person a visionary. Certainly a large part of it is based on intelligence, but a visionary is also a person who looks to the future without being stuck in the past. When a visionary looks at an opportunity they see the future as something grander than the past. They are able to reach past the obstacles and grasp success.. More than anything else, the visionary has the right frame of mind: pragmatic, realistic, confident and able to execute on new ideas and concepts rather than stay in the status quo.

One of the greatest visionaries of all time was Steve Jobs. He could see some great ideas being generated at places like XEROX's legendary PARC. PARC was XEROX's research and design center where the best and brightest of XEROX went to invent the impossible. Steve Jobs once was invited to tour PARC and saw the original mouse and a graphic display system where commands were represented by icons and pictures rather than tedious code. Jobs inquired about it, and was allowed to take the idea and implement it into his own machines. That was the start of what we now know as the Macintosh and Apple revolution.

What made Steve Jobs great was his ability to see what XEROX could not. He was pragmatic and confident enough to envision how to utilize XEROX's innovations and integrate them into his own vision at Apple. Incidentally, XEROX continued its decline because it could never take that next step, to be a visionary. Thus, PARC was closed down, but it will go down in the annals of science as one of the greatest invention centers in all human history. Conversely, Apple has become the largest corporation in the World with a \$90 billion cash balance.

Why this long lesson on PARC and Steve Jobs? It's because Americans also need to know that we as a people are visionary and there is an incredible wealth of intelligence in these 50 states. The amount of knowledge, invention, mechanical genius and just will to succeed in this country is over-

whelming, but during this economic downturn we have fallen out of the right frame of mind. In other words we have lost our pragmatism and confidence to execute on a new vision of the future. We have forgotten how to be like Steve Jobs.

Americans are at a pivotal point in the path to envision our new future. What we have known to be, the Economic Atlantic Charter, is in decline. The new future is the Pacific Charter, where U.S. and Asian economies will dominate a truly global economy. This will be a world where Asian economies will be dependent on U.S. intellectual vision and the U.S. will be dependent on Asia for manufacturing ability and as consumers as their middle class grows larger.

We at Baker Boyer believe that this future is now firmly in place and have managed our investment strategy accordingly. We are investing in multi-national corporations who are geared up to be profitable in this new environment, specifically those corporations that have been lessening their dependence on Europe for the last decade and have plotted out their new strategies with a focus on the Pacific Charter. To continue their journey to success, these corporations cannot be complacent; they must continue to be pragmatic and confident when changes occur in this new world economic environment. They must continually make adjustments in their strategy to not only survive but to thrive. These are the same corporations that have shown incredible resilience in addition to

stable and growing profits, even as Europe is imploding. To ensure that our clients are in a position to benefit from these changes, our investment portfolio managers ask a lot of hard questions to assure them and our clients that these corporations and fund managers keep on track.

The world is starting to grasp the significance of these changes. Slowly the U.S. economic markets are recognizing that the future of the U.S. is tied to the Pacific and not the Atlantic. You are even hearing it finally on financial newscasts as they now call it the, “decoupling,” of the U.S. Economy from that of Europe. Translation: the future is here.

Consumers aren't far behind. They are also starting to realize that the future may be different than they had assumed just 10 years ago. They are gaining confidence as they watch the U.S. expanding and growing in ways they had not foreseen. It is always hard to live through a change in perception – a time period where one is asked to reevaluate long standing beliefs, much like it is hard to live up to those New Year's resolutions. But at times such as these getting in the right frame of mind is critical for future success.

Finally, I think we owe it to ourselves and to the future success of the next generations to insist on a change in the 'Other Washington,' and on Wall Street – their collective actions have been anything but confidence building. Let's resolve to elect leaders who aren't stuck in fear of the future but

have the vision to prosper in it for all our benefit.

On Wall Street, we need to put investment banks on notice. Let's change their perspective, because the notion of caveat emptor (may the buyer beware) where 100% responsibility is placed on the buyer is probably not sustainable. Some of the responsibility should and likely will transition to caveat temptor (may the seller beware). The move to caveat temptor will require all securities salespeople to verify that their buyers are informed of what the risks are as well as the benefit to them of any contract. I envision a future where salespeople will be accepting much of the responsibility for ill advised investments that they have sold, and shouldn't they? This action alone should strengthen our confidence in the financial sector over the coming years and restore the trust that we have lost in the financial system.

When you think of our future in this way, it isn't as scary is it? It isn't that we are losing control of our destiny as many people believe, but we are at the cusp of defining and taking control of our future. This is the same future you as Baker Boyer clients have been invested in. At Baker Boyer, we recognized the path we were on and have executed a plan to align our clients' best long term interests with the future that is our destiny.

So let's make a New Year's resolution together. Let's throw away our fears and dissatisfaction and focus on a brave new world with new ex-

pectations of our leaders and new responsibilities for all. With this resolution will come the excitement of the unexplored and the ability to reset our collective destinies. I for one look forward to this journey and Baker Boyer Bank, as always, will be here to help guide you to a brighter financial future.

Mark H. Kajita, CPA  
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# WELCOME DAN POLAGE



Dan's background as an attorney, trust and financial advisor allow him to discuss wealth management options with clients at a depth for which Baker Boyer Bank is known. Prior to coming to Baker Boyer, Dan worked for a number of years as an attorney in local government and as a solo practitioner. Dan is a fourth generation Washingtonian and has called Yakima home for over forty years.

a professor of psychology at Pepperdine), lived overseas in Lyon, France, both teaching for Pepperdine's year abroad program. He and his wife (now a professor at Central Washington University) have two children and are involved in the Yakima community through the First Presbyterian Church, Yakima Tennis Club, and Young Life. They also enjoy camping, skiing and fly-fishing.

Baker Boyer Investment Management and Trust Services is pleased to welcome Dan Polage as our newest Trust & Financial Advisor at our Yakima Wealth Management and Business Banking location.

Dan holds a law degree from Pepperdine University, and a B.A. in International Political Studies from Whitworth University. Shortly after law school, Dan and his wife (then

Daniel B Polage, JD  
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# CONGRATULATIONS JANELLE J. WOODY



Baker Boyer Investment Management and Trust Services is pleased to announce Janelle Woody has been promoted to Trust & Financial Advisor at our Walla Walla Wealth Management location.

Janelle has been with Baker Boyer for four years, and holds a Bachelor's degree from Eastern Washington University. She has lived in the Walla Walla area for twenty-seven years and is active as a volunteer for the community's youth, Walla Walla Valley Soroptimist International and enjoys hiking, kayaking and gardening.

Partnering with her client services team, Janelle develops and strengthens client relationships through the delivery of trust administration and investment services. She specializes in development and relationship management of trust, agency, estate, and guardianship accounts.

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