



April 2012

March Madness

I love basketball. It's a great combination of individual talent and teamwork. And it's the one sport I'd love to be really good at. I've been playing pick-up basketball on Monday nights for the past 30 years and have come to the conclusion if it weren't for the fact that I can't run, jump, dribble or shoot, I'd have had a great career. I try hard, mind you, and I'm really good at sweating, but I'm slowly resigning myself to watching hoops from the comfort of my couch, especially when March comes around.

March is NCAA men's basketball tournament time. It's a time when predictions, opinions and pools run wild. Brackets are pored over, match-ups examined, and wagers are placed. Who is the favorite? What upsets are on tap? Who is the surprise team this year? Who's been on a hot streak going into the tournament? There are indeed major upsets, like this year's Lehigh over Duke. And there are lower seeded teams, like North Carolina State, which can make a surprisingly deep run into the tournament. Louisville was this year's momentum team. Those are fun to pick and rewarding in their own right when they happen. But in the end, it was Kentucky, the odds-on favorite that won it all. Yes, more times than not its quality that really pays off in the end.

It strikes me that stock investing involves many of the same considerations that go into sizing up the NCAA tournament field. At GSB we, too, look at match-ups, seeding and coaching. In the business world, those are called competition, dominance and management. And all things being equal, *ceteris paribus* for all you Latin aficionados, our main focal point has always been quality. Quality has more times than not been the deciding factor when choosing which companies to invest our clients' money in.

Yet unlike the NCAA tournament, the business world goes on and on. There is no final winner. Winners and losers just evolve over time, sometimes very slowly and other times much more quickly. So our ability to size up our "picks" on an ongoing basis will in large part determine our clients' happiness and success. What do we see these days?

Apple, clearly the "Kentucky" of late, just to beat this analogy to death, is still delivering on selling "cool" at an impressive pace despite growing concerns on how long it can keep it up. But at 14-18 times earnings despite a 72% stock price increase over the past year, its stock price reflects a good deal of that skepticism. Starbucks continues to be on a hot streak which started three years ago amid an impressive turnaround in sales and earnings. It's becoming a pricey stock, which is our main concern, in part a reflection of its 54% rise this past twelve months. Microsoft should continue to be a good investment even if it only delivers stable results and can be an extremely good performer if it delivers successful results from its new products. It's up over 30% for the prior twelve months and still sells at 11 times earnings. We can continue down the list, but you get the picture.

All in all, it's fair to sum up our opinion on the 20-30 companies we have chosen to bet on this way: The quality levels of our companies remain extremely high, and their valuations remain attractive despite the impressive run up in their stock prices over the past six to twelve months. We continue to size up new opportunities while remaining diligent, objective and patient. This pool never really ends, but we have been successful following this formula for years, and see no reason to change things now.

Scott D. Limper

The comments above do not represent a recommendation to buy or sell any security. Such decisions should only be made in the context of each investor's total circumstances and goals, and past performance is never a guarantee or forecast of future results. The common stocks referenced above are not subject to FDIC insurance. They are not government-insured nor are they guaranteed in any way by Glenview State Bank.

MARKET SNAPSHOT

AS OF 3/31/12

GSB Blue Chip Growth and Dividend Stock List

<u>Stock/Symbol</u>	<u>YTD</u>	<u>Returns</u>	
		<u>5 Yr. Avg.</u> ⁽¹⁾	<u>10 Yr. Avg.</u> ⁽¹⁾
Apple (AAPL)	48.0%	36.7%	43.5%
Microsoft (MSFT)	25.1%	-0.8%	0.1%
Starbucks (SBUX)	21.9%	6.0%	17.4%
CME Group (CME)	21.0%	-12.2%	N/A
Caterpillar (CAT)	18.1%	11.0%	16.0%
Cisco Systems (CSCO)	17.4%	-7.7%	0.1%
Texas Instruments (TXN)	16.1%	1.9%	1.4%
Monsanto (MON)	14.3%	7.3%	17.0%
Emerson Electric (EMR)	12.9%	4.0%	7.9%
S&P 500 Index	12.6%	-0.3%	2.9%
Stryker (SYK)	12.0%	-1.2%	6.1%
Federal Express (FDX)	10.3%	-4.6%	5.3%
Abbott Labs (ABT)	9.9%	6.1%	3.5%
AT&T (T)	4.8%	2.1%	2.6%
Exxon-Mobil (XOM)	2.9%	4.3%	10.4%
Sysco (SYY)	2.8%	-1.2%	3.6%
Walgreen's (WAG)	2.0%	-4.9%	0.9%
Procter & Gamble (PG)	1.6%	3.6%	8.0%
Chevron-Texaco (CVX)	1.5%	11.3%	12.7%
Johnson & Johnson (JNJ)	1.5%	3.0%	3.6%
Nextera Energy (NEE)	1.3%	5.8%	11.9%
Pepsi (PEP)	0.8%	4.0%	5.4%
Google (GOOG)	-0.7%	7.0%	N/A
McDonald's (MCD)	-1.5%	21.3%	17.0%

Representative Yield Indications

<u>Bond Maturity (Yrs.)</u>	<u>"A" Corporate</u>	<u>"A" Municipal</u>
1	0.60%	0.50%
2	0.70%	0.60%
3	0.90%	0.80%
5	1.50%	1.20%
7	2.25%	1.60%

Mutual Fund Strategies

<u>Strategy</u>	<u>Returns</u>	
	<u>YTD</u>	<u>5 Yr. Avg.*</u>
Low Risk	0.2%	2.4%
Limited Risk	5.6%	4.8%
Cautious Growth	10.7%	5.1%
Blue Chip Growth	15.2%	4.0%
Aggressive Growth	15.1%	6.0%

(1) All figures are total returns for the calendar year and average annual compounded total returns for periods ending December 31, 2011. Glenview State Bank has attempted to provide reliable and timely information, but cannot guarantee it is error-free. None of this information constitutes investment advice. Investment decisions should only be made in the context of a particular individual's circumstances. Past performance is never a guarantee or forecast of future results.