BANTA
ASSET MANAGEMENT

"There's only one growth strategy – work hard"

William Hague

The Banta Strategy – Winning Amidst Political Uncertainty

The Washington Strategy – Politicize the Economy

The current political environment in Washington combined with a looming 'fiscal cliff' and the potential for a near-term significant increase in taxes, presents unique opportunities for portfolio planning for 2013 and beyond. Should Congress and the President not find reasonable compromise (a distinct possibility), numerous tax law changes are scheduled to occur at the end of the year, including two new Medicare taxes and tax increases on employment and portfolio income as well as retirement account distributions.

The 'fiscal cliff' is essentially a trigger of large-scale government spending cuts combined with significant tax increases. More specifically, the fiscal cliff points to the expiration of the Bush-era tax laws often labeled the 'Bush Tax Cuts', but more appropriately known by their legal names: The Economic Growth and Tax Relief Reconciliation Act of 2001 and The Jobs and Growth Tax Relief Reconciliation Act of 2003. These tax laws were to expire in 2010, but were extended to the end of 2012. An example of the current and potential future tax rates are:

2012 Tax Brackets	2013 New Tax Brackets (potential)
10%	15%
15%	15%
25%	28%
28%	31%
33%	36%
35%	39.6%

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Banta has been working diligently on positioning client portfolios aimed at economic growth regardless of which way Congress shapes tax policy for the upcoming year.

The Banta Strategy – Maximize the Economy

At Banta we are cautiously positioned and remain disciplined in our long-term goals and objectives in the face of the never-ending headlines of the 'fiscal cliff'. Whether Washington politicians are able to find resolve or not, Banta believes that the fiscal cliff is more about the implications on long-term portfolios including estate and charitable planning rather than short-term trading in or out of the market.

Our view is that strong companies whose management is sound, whose products are responsive to global demand and whose boards approve the consistent payment of dividends will hold up well over the medium and long-term offering measured return on investment to a managed portfolio. In fact, the pillars of our investment strategy were implemented long before the election cycle began with the proactive foresight of being able to surmount the politics of uncertainty. **These Five Pillars include:**

1. – Raising **cash levels** within the portfolio
2. – Raising the level of **income** in the portfolio
3. – Diversifying ownership away from individual companies to **Exchange Traded Funds** (EFTs) – these are 'baskets' of companies in a specific sector or industry
4. – The individual companies we do own are those that generate income through **dividend payments**
5. – Most importantly, we remain **nimble** and no longer practice 'buy and hold' as this current market requires agility well into the future

At Banta Asset Management we have witnessed over forty years of political volatility and have learned that even though markets respond to public policy, **markets are most responsive to economic growth through authentic value creation**. We encourage you to stay connected!

With continued confidence,

Banta Asset Management

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