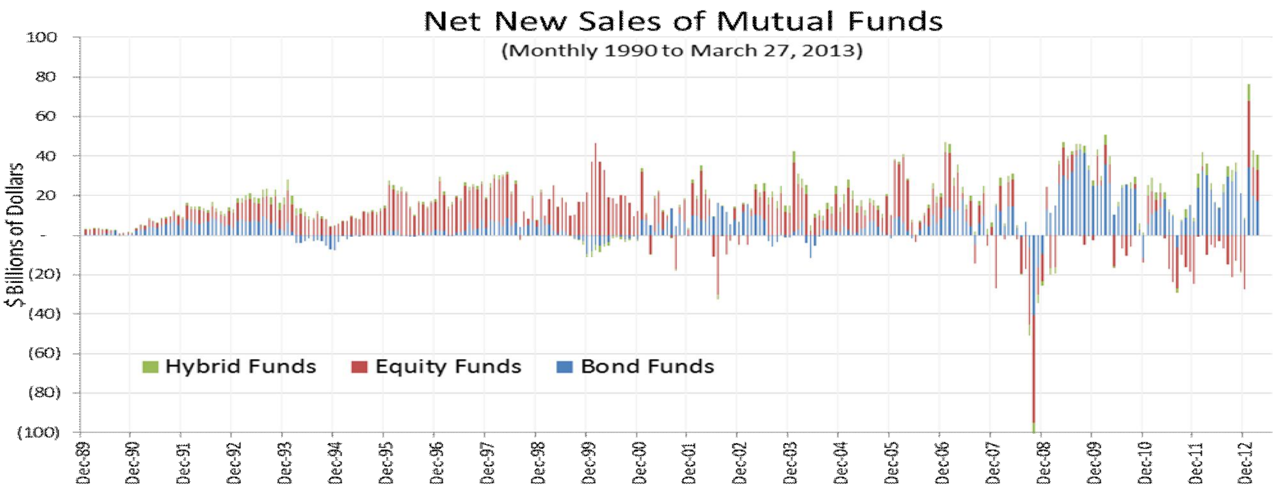
LAWSON KROEKER
INVESTMENT MANAGEMENT

As We See It

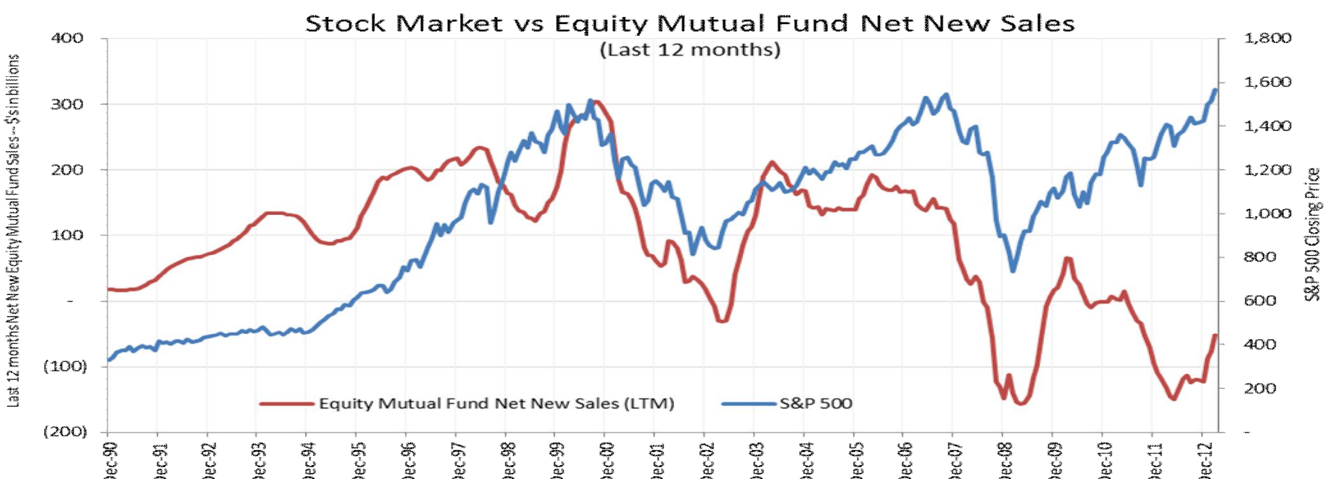
Much of the chatter from the financial press in 2013 has been about *The Great Rotation.* This presumptive rotation is the hoped-for massive shift to stocks from bonds from investors fed-up with low yields and ready for higher risk now that the worst seems to be over for the still anemic global economy.

Money flowed into stock funds, both U.S. and International, in the first quarter of this year according to the Investment Company Institute, an industry trade group. Still, three months may not make a trend. The chart below looks at historical flows into stock, bond, and hybrid funds:



Source: Investment Company Institute (ICI)

While there is some concern that that individual investors tend to be *late to the party* or *buy the most at the top*, there is some evidence that their net purchases track the direction of the stock market (see chart below). If *The Great Rotation* does herald a new phase of this almost four-year-old bull market, buying enthusiasm could build on itself for quite a while.



Source: Investment Company Institute (ICI)

Looking ahead we believe the outlook for 2013 is promising. Key metrics—including companies with large cash reserves, availability of favorable credit terms, and an improving U.S. economy—point to favorable market conditions. That said, we remain concerned about the constant barrage of justifiable concerns about the U.S. economy and markets. April 2013