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# "The Big One"

We have all experience rush hour traffic - dozens of cars only a few feet apart, packed into 3 lanes, racing along at 65mph. NASCAR drivers get to experience this terrifying ordeal at a completely different level on the Talledega and Daytona racetracks. The cars drive inches away from each other, battling for position at speeds of up to 220mph. There is no room for error.

This type of racing was inadvertently created by NASCAR officials in an attempt to control car speed. Cars racing at Talledega and Daytona are equipped with restrictor plates to cap their speed. No one driver has an advantage, which means racers inevitably end up racing in bumper-to-bumper pack most of the time. This kind of racing is actually more dangerous because one slight error can have a catastrophic chain reaction – leading to "The Big One." (Almost half the field could be involved in this enormous crash)

Thanks to the democracy of the pack, "The Big One" can happen at any time - beginning, middle, or end. It is just a matter of time. The longer the race goes without the Big One, the more likely it will happen. The actions of NASCAR caused this outcome; trying to make it better by limiting the speed, actually made the racing environment more volatile.

The average investor does not realize how manipulated and artificial the market move since 2009, has been. Just like at Daytona or Talledega, "The Big One" could happen at any time. The Fed has been pumping money into the system at record rates. This money pump has created artificial gains in the market.

Why has "The Big One" not happened yet? Just like at the races, the longer it takes to have "The Big One" the closer you are to it. It will happen. The only question is: when? The triggers for "The Big One" are all around us: a slow economy, overvalued stock market, historically low interest rates, geo-political tensions, domestic unrest, the rise of China, the decline of the US Dollar, and the continuing fiscal crisis.

At any point over the past 5 years, any one of these issues could have been the cause of a cascading collapse. The risks 5 years ago are the same as they are today. We have been driving around a track at 200mph waiting for "The Big One" for the past 5 years. The longer the race goes on, the closer we get to it.

This is why Cornerstone has been so cautious over the past 5 years. The risks have not been worth it. But investing gives you an advantage that NASCAR racing does not. We can get off the track, then get back on AFTER "The Big One" and still win the race. Wall Street's mantra that you have to be "in it to win it" is wrong.

Protection of wealth should be the priority today. The fact is, that even if you believe the rally since 2009 was real, it is old, extended, and overvalued.

Burying your head and staying in the middle of the pack is a bad idea at Daytona and it is a bad idea on Wall Street.

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