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INVESTMENT COUNSEL INC.

DATE: December 12, 2012.

FROM: John Evdokias

RE: VIEWPOINT- Client Communiqué 12/12/12

Point:

Recently, a Fortune 100 company and investment we follow, 'probed' us for our economic viewpoint and expectations:

"It sounds like you are still cautious going forward?" was one question I was asked.

In sum, I think the world economy is healing and will come out much stronger than expected by mainline provocateurs.

These statements represent the author's opinions regarding future events that, by their nature, are uncertain and outside of the author's control. The author, Visavis and its clients may, from time to time, hold some of the securities which may be mentioned herein.

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Background:

"It sounds like you are still cautious going forward?" was one question I was asked.

As you may also appreciate our predisposition on this important consideration, I thought it may be helpful that we share with you, excerpts of our response to this question:

"Cautious going forward?" Isn't going forward, already a positive predisposition? It's those back drafts and air pockets we all need to watch out for. Being and remaining cautious is what we all need to remember and embrace. We deal mostly with individuals, whose life savings cannot afford that we are ever 100% wrong; so a conservative approach helps keep us out of trouble. I find that individuals (and most institutions) are ill-prepared for the incredible changes that are unfolding, have misaligned expectations and allocation of resources

In sum, I think the world economy is healing and will come out much stronger than expected by mainline provocateurs. It will take time and will require stronger character from policy makers than we have seen. Basis? Back in 2006-08, few were aware or wanted to acknowledge the excesses and long-term damage being done to the economy. Abused leverage, gluttonous consumption of future production, greed, opportunistic malfeasance, break-down of family values and societal fabric....are some of the problems which contributed to the *big event*. Well, everyone on this planet now knows of these problems, has recognized the need for change and steps are being taken to deal with the damage.

The catalyst and ultimate solution to the economic issues we face is that people who want to work are able to find a job.

If one raises the wrong questions, they may get correct answers, which are at best, irrelevant.

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Other Observations:

Perhaps my expectations seem somewhat guarded, and for reasons that we are all aware of: investors, governments, citizens, employees and employers, retirees, 'the unemployed'...have well-entrenched concerns (fear) about the future. These concerns are understandably based on the tumultuous, recent past experience i.e. the previous five years of financial instability that was forced upon even well-prepared participants.

Well, many measures have been and are being taken to stabilize the world economy and the financial fabric we all depend upon. Some of the resulting and encouraging developments, have already been shared with you in other recent communiqués from us. I think that a foundation has been built on which confidence is now slowly returning, positive growth is evidenced, political stability is sought actively and industry is making and pursuing plans for future growth (means more jobs).

Our expectations are that this discernable improvement and future improvements, will affect the capital markets in a much more desirable fashion. Basically, we think that "global equities will likely be the best performing asset class;" interest rates and inflation will increase; bond markets will be a drag to investment portfolio valuations, pressures on underfunded pension plans to abate, somewhat.

As these improvements are recognized by mainstream participants or when they are recognized, we think that the sector rotation that may ensue, will provide for notable recovery in prices for the significantly undervalued cyclical and material stocks.

(Fiscal Cliff mania? Will anyone be surprised if USA taxes go up and 'expenses' go down? At some point they must.)

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