

LT&A



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American Association of
Petroleum Geologists

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AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS

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SEPTEMBER 8, 2011

Alan Bergin, CFA, Vice President

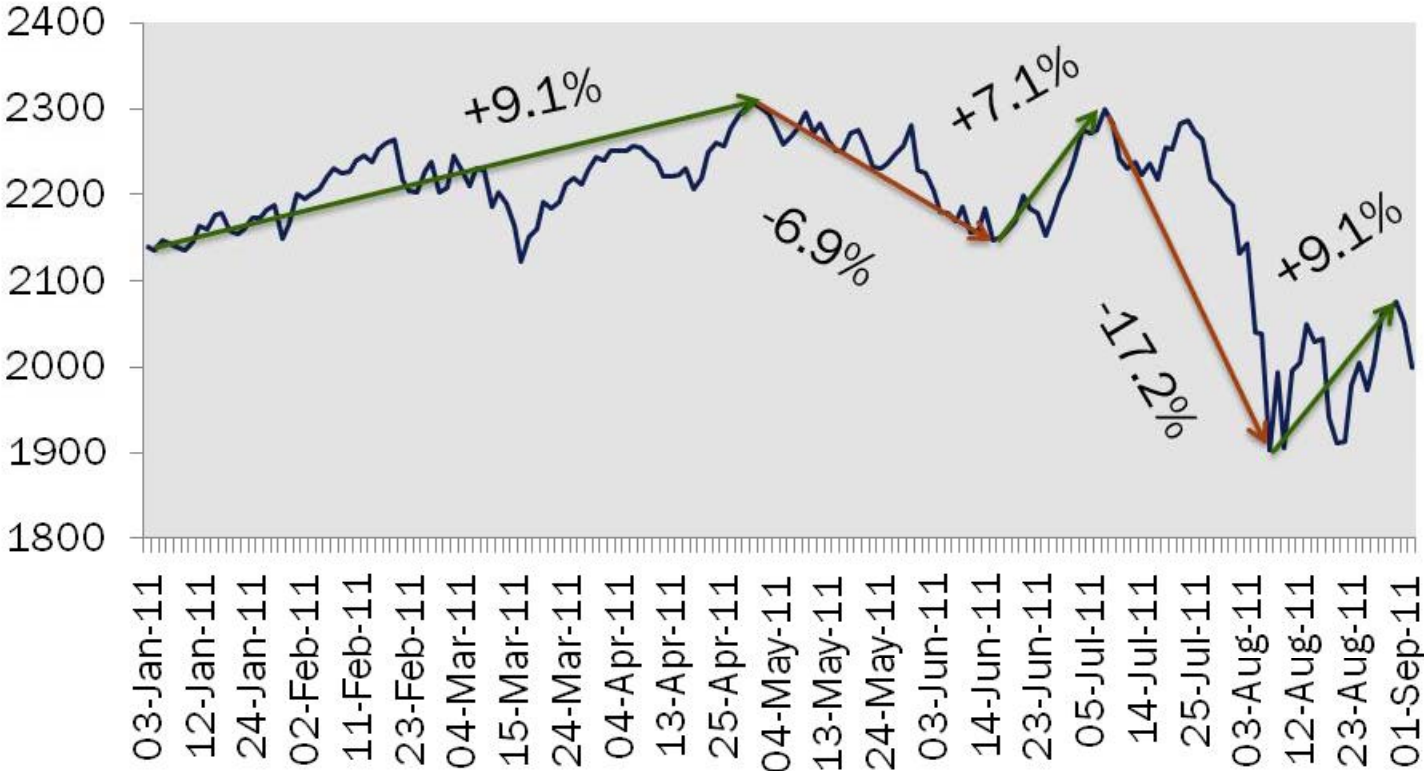
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Investment Management Consulting

2011 FINANCIAL MARKETS

2011 Daily S&P 500 Value

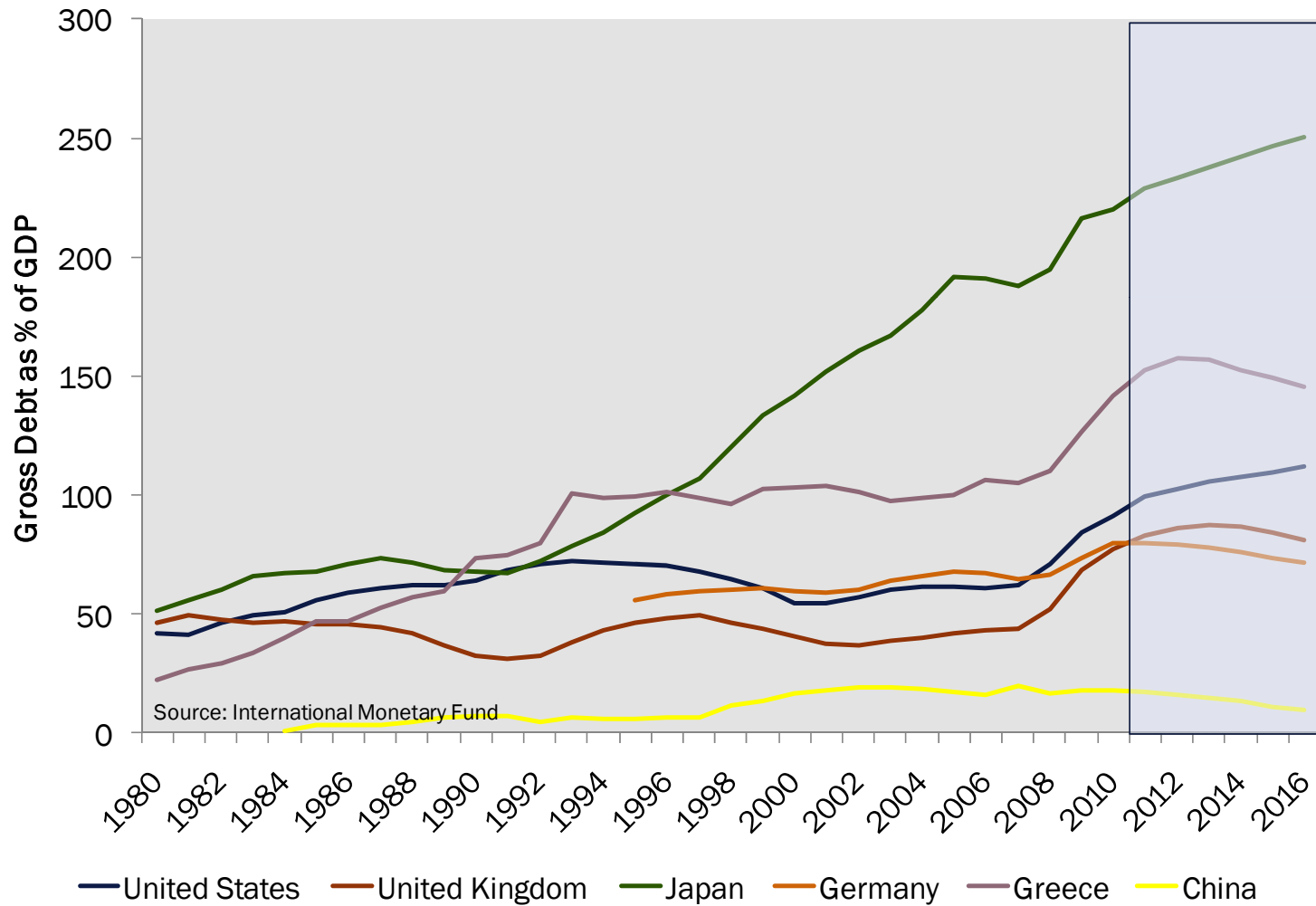


OVERVIEW

- The problems
 - Too much debt used to create past growth
 - Inflation (maybe)
 - Persistently high unemployment
 - Slow economic growth
- How these problems will likely be solved
- How to invest in this environment

GLOBAL DEBT ISSUES

Debt-to-GDP Ratio

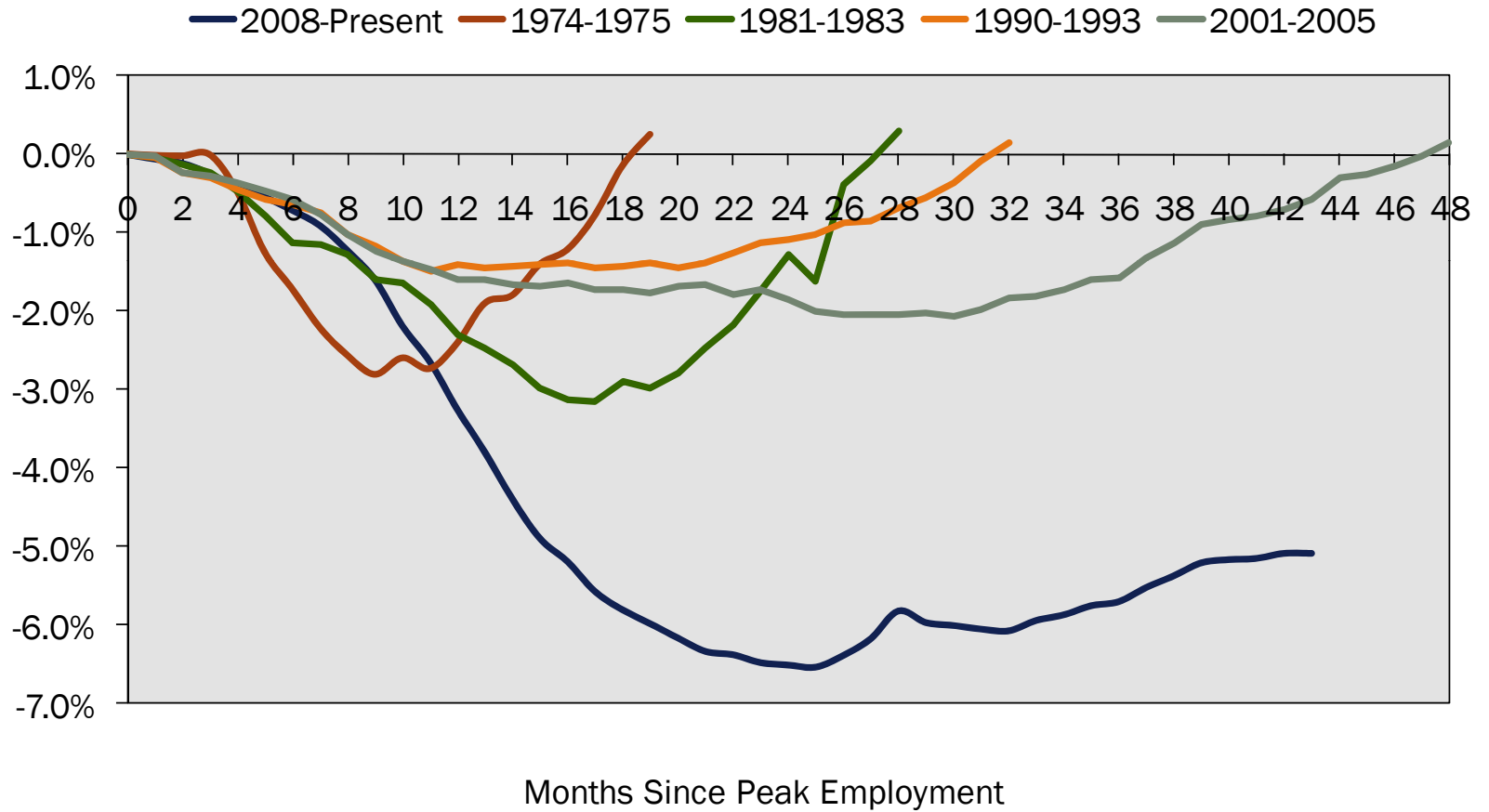


INFLATION?

- “Headline” inflation remains low
 - Housing main component
- Commodity prices are higher
 - Energy
 - Food
- With unemployment near 9%, no pressure on wages

PERSISTENTLY HIGH UNEMPLOYMENT

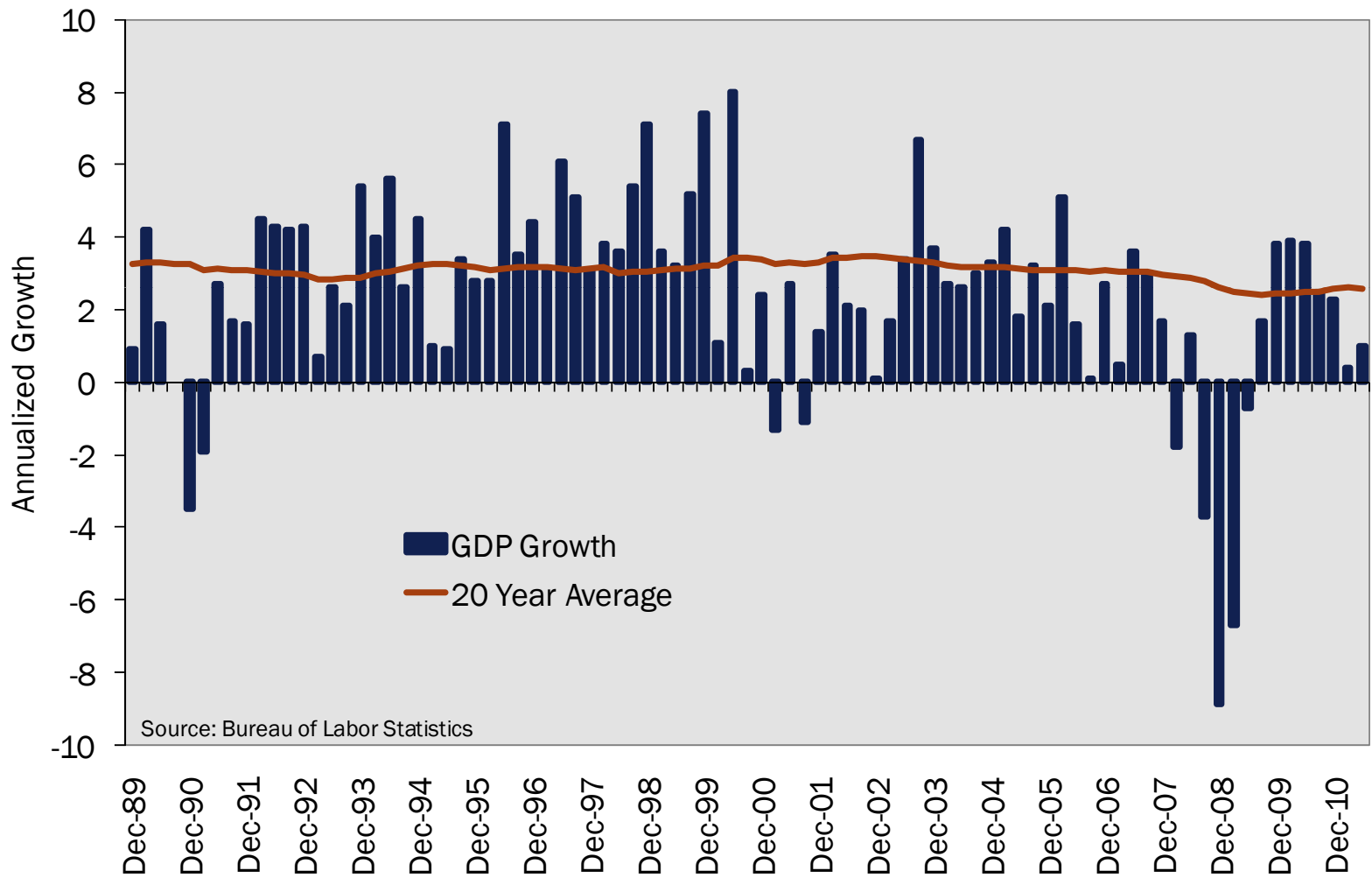
Cumulative Percent Change in Employment Level



Source: Bureau of Labor Statistics

U.S. ECONOMIC GROWTH

Annualized Growth in Gross Domestic Product



Source: Bureau of Labor Statistics

THE LIKELY SOLUTION

- Higher taxes and lower government spending
 - Unlikely that we can grow ourselves out
 - We cannot cut enough to make a difference
- European austerity comes to the U.S.
- The “pain” will be felt by everyone
- Balancing act needed
 - Act too quickly and the economy could suffer
 - Act too slowly and the debt burden increases

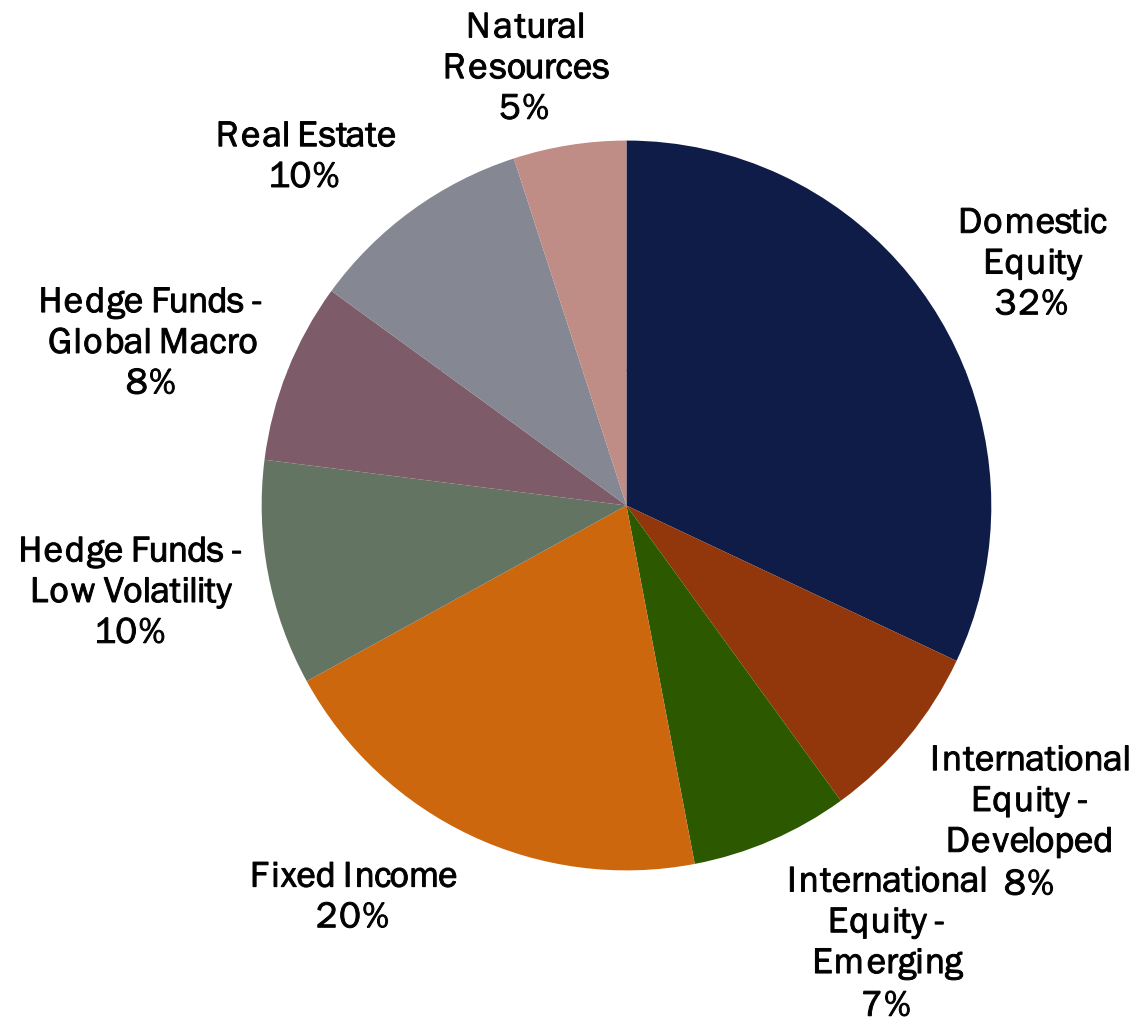
HOW TO INVEST IN THE CURRENT ENVIRONMENT

- Strategies we believe will be successful
 - Opportunistic
 - Non-directional – strategies not linked to public equity markets
 - Non-traditional income
 - Real estate
 - Timber
 - Energy

HOW TO INVEST IN THE CURRENT ENVIRONMENT

- Equities will likely be volatile and subject to investor psychology and the morning's headlines
 - Emerging markets are more attractive than the U.S. and most of the developed world
- Fixed income returns low – absent any major negative financial event
 - Rates will likely rise (bond prices will fall)
- Selected commodities should continue to benefit from emerging markets growth

AAPG FOUNDATION TARGET ALLOCATION





THANK YOU

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