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FUN FACTS TO KNOW AND TELL

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CHEER UP! Investing is a contrarian process and the best time to be buying and holding is when everyone else wants to sell. Consumer confidence, as measured by the Conference Board, fell about 15% in June driven by worries over jobs and the economy. Psychology plays a major factor in short-term stock market performance and right now it is no secret that investor sentiment is negative.

Economic and stock market recoveries are never steady and easy-as-you-go. Just like a recovery from a major illness or surgery, there are good days and bad days, good periods and bad periods. General economic numbers are showing slow and gradual improvement with modest retrenching in some cases. Slow and gradual doesn't help the unemployed and under-employed and, as I have said many times before, we are clearly not out of the woods yet but hopefully the worst is behind us.

The good news is our multi-asset class investing strategy is working! What is the best performing asset class in 2010? REAL ESTATE! Who would have been confident enough to invest in that one year ago? On a year-to-date basis, there is a nearly 20% spread between the best asset class and worst (real estate and international value stocks). On a quarter-to-date basis, US Small Cap and International Emerging Markets have done the best. On a month-to-date basis all of the international asset classes held up better than the US stock market.

Rebalancing is also essential to our strategy, which entails selling stocks when they have gone up and buying them when they have gone down. We rebalanced many of our client portfolios in March and April by selling stocks and locking in the profits and expect to be rebalancing again in the next month or so by selling bonds and buying stocks at lower prices, all depending on individual circumstances. The more volatile the market, the more we will rebalance.

Let's not forget the long-term nature of investing. Our oldest client just died at age 102. She had lived at home until about two years ago. Think long-term!

As always, your trust and confidence are important to us and we appreciate the opportunity to serve you! Please contact us with any questions you have.

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