

## MARKET COMMENTARY and JULY PERFORMANCE 2010

**Investors are finding it hard to get used to low yields and slow growth that are now the norm in the market.**

I work with many consultants and advisors around the country and one common thread between most is the morose atmosphere that I walk into when I step through the doors. Confidence in the economy and market will not be coming around soon, and it is critical for us to be leaders and lead with positive ideas and actions plans.

Client's situations have changed dramatically in the last two years and will continue to change, but with change, comes opportunity to work with your clients on different levels. Here are two situations where you can be helpful to clients/prospects now: Many young couples have just moved into their first home in the last 12 months because of the drop in housing prices and need advise on budgeting for their new home and the cost of maintaining one. Also, many families have children heading off to college and are tackling higher college costs, harder admissions standards – all with lowered college savings accounts. They need to reevaluate their college funding, receive advice on budgets, possible loan options, etc... With one advisor, we created an information night around a "college counselor" talking about admissions, loans, testing etc... and had over 60 clients and prospects attend. Many of his clients brought friends and it was advertised on Facebook as well !! Reach out to your centers of influence, and construct an event that possibly focuses on some of these issues they are facing now and bring a positive attitude, new ideas and plans to help them achieve their goals in today's world.

The Fed will not let this recovery derail after its spent so much for us to get to this point; however, all of us have to accept that low yields and slow growth (lower returns) are to be expected going forward – and thus, to *manage assets and expectations* around these new parameters. The market does not trade on long term projections and it is evident each day that momentum (both up and down) matters far more than value in the short term. So working with your clients on a variety of levels, will allow you to bring positive changes to their portfolios and lives even in times of economic downturns.

### **JULY PERFORMANCE UPDATE**

In July, the overall stock market was up driven by the performance of some "bull" stocks showing strong profits as a result of earlier cost cutting. On the bond side, monies has shifted back to treasuries as again where there has been a flight to quality and safe haven assets due to the financial crisis in Greece and other European countries. Our portfolios lagged slightly behind the benchmarks due to our weighting in consumer staples on the equity side and our lighter treasury positions on the fixed side. However, we see

The overall economy still remains sluggish with consumer spending continuing to reside at low levels and unemployment remaining high. On the global front, with the deleveraging of the private sector and the public sector being limited in what it can spend, much of the world growth has been shifted to Asia, where consumption is about half the rate of the United States or our European counterparts. For global aggregate demand to expand, and economies to grow, the world needs to consume. And, that, will take some time.

In the meantime, optimism and confidence is lacking in the markets (and financial offices) and those two ingredients are needed to fuel any sustained recovery. As financial advisors, it is necessary for you to navigate your client through these markets, manage their expectations, and focus in on results today – not results or returns of the past.

**There are many opportunities and ideas working now that we can bring to you that will strengthen your current relationships with clients and bring you new clients and business in the process. We can make this market an opportunity – give us a call and let us share some great ideas!!!**