Material discussed is meant for general illustration and/or informational purposes only and it is not to be construed as tax, legal, or investment advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary therefore, the information should be relied upon when coordinated with individual professional advice. Not all portfolios are actively managed. If you have a question about how your account is being managed please contact us. Generally accounts less than $150,000 are not actively managed. An Index is a portfolio of specific securities (common examples are S&P, DJIA, NASDAQ), the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Indexes are unmanaged portfolios and investors cannot invest directly in an index. Past performance is not indicative of future results.

Question: We've been through a tough period of time and now, investor sentiment continues to seem bleak. What is there to be positive about?

Lowe *fs*: A lot. In March of 2009 the Dow Jones Industrial Average was near 6500 and today we are several thousand points above that low water mark. We also believe that when we enter into a period of recovery, it will be more sustainable with greater opportunities for potential building and rebuilding of wealth. Those opportunities are likely to come from regions such as China, India, Brazil, Australia AND the United States.

The challenge is navigating the present season and positioning our actively managed client portfolios to be ready for any potential recovery. This will take a great deal of patience and discipline but we remain confident that through our research process we will be able to help us identify and move into the areas of opportunity, when the time is right.

Question: What should we be doing until the "time is right" and the economy may be poised for recovery.

Lowe *fs*: We have been implementing strategies in our discretionary actively managed accounts since May which are designed to provide potential preservation of capital. We believe that for some time, we will remain focused on potential capital preservation.

Our actively managed portfolio strategies are designed with potential preservation in mind and to position our clients for potential recovery. Some of the holdings we have are focused on short term trends and risks, while other holdings are designed to provide potential return over a longer period of time.

There a few things our clients can do that might increase their chances of future success.

First, be patient and don't get pulled into the daily "media frenzy" of impending doom or euphoria. In our opinion, a patient investor is an investor who will be able to "strike" when others may not be positioned to do so.

Second, run your personal finances like a business post-2008. Post 2008, corporations around the world have downsized, stockpiled cash, cut debt and trimmed unnecessary expenses. They made short term sacrifices and spending cuts so that they could come out of the downturn stronger, more secure and

more nimble. Now, many of those businesses are flush with cash. They are in positions to launch mergers and takeovers of their competition and they may be better prepared for any further economic declines.

If we all cut or minimize discretionary expenses, reduce our debt, increase our savings and allow our portfolios the opportunity to recover, we'll be in the position to have much greater freedom and flexibility in our financial lives.

Question: Is there anything that you believe should be avoided during this ongoing challenging time?

Lowe *fs:* Yes, but this is difficult because the downturn has lasted for a seemingly extended period of time. Last year, we did a good job of deferring that trip, those home improvements, the new TV, you name it. Now, with anticipated economic slowing on the horizon, Lowe *fs* is advising to spend carefully. If you don't have cash set aside to pay for it, consider deferring the purchase until you do. Taking a portfolio distribution to fund a discretionary purchase means that a portion of your assets may not have the opportunity to potentially recover. You essentially must ask yourself, what are you willing to give up if you decide to liquidate holdings to pay for a discretionary expense? Are you willing to work two years longer than planned? Are you willing to decrease your retirement lifestyle? Are you willing to forgo the cruise you are planning for next year?

We are not suggesting that you don't "live life". We are suggesting a careful balance and making sure that you ask the question, "If I buy this now, what am I willing to give up down the road". Again, if you've got cash set aside, go for it (with careful consideration of course).

Question: Ok, we hear you, but I'm putting that money into my home, or buying a second home. That will continue to grow and someday we'll get good returns.

Lowe *fs*: Maybe, maybe not. First, consider that you have taken a liquid asset (cash or equities) and made them illiquid. You cannot easily unwind that.

In our opinion, housing prices are not likely to jump anytime soon and they could see another 10% to 15% decline in the coming year. While you may be getting a good bargain on that vacation home today, it *might* be a better value later.

Don't forget to consider the added costs of insurance, taxes, utilities, maintenance and other expenses related to real estate.

Lowe *fs* is here to help you through these challenging times. Occasionally, we have to bring up difficult topics. In the end, our sole concern is your financial security and success. We are here to help you weigh decisions about how you spend your money, and will give you straight forward professional advice. We'll work with you to develop a financially prudent plan to meet your goals.