

David M. Taube, CPA, CFA, CFP®, CRI  
 Founder and President

2136 12<sup>th</sup> Place, N.W., Suite 100  
 Washington, D.C. 20009-7507

Phone: 202.550.7262  
 Fax: 480.247.5820

dtaube@kaloramawealth.com  
 www.kaloramawealth.com

## Third-Quarter 2009 Market Review ~ Be In Motion to Take Charge of Your Finances

**October 2009** - After a weak opening in July, stocks continued to rebound from the March 2009 bottom and posted their best quarterly returns in more than a decade. By the end of September, optimism about an eventual economic recovery spurred corporate deal-making and initial public offerings. All major stock indices lodged double-digit advances for the quarter and are ahead by multiple digits for the year. Nevertheless, market bellwethers are still off more than 30% from their October 2007 high-water marks.

Bonds also posted widespread gains for the quarter. Similar to the second quarter, the riskiest sectors climbed the most: Corporate High Yield jumped 14.2% and International Emerging Markets tacked on 11.4%. With year-to-date returns of 49.0% and 31.1%, respectively, the two sectors have more than recouped what they unloaded in 2008 (26.2% and 14.8%, respectively).

At its two meetings during the quarter, the Federal Reserve left short-term rates unchanged. At quarter end, the yield on the 10-year Treasury Note was 3.30%, down 23 and up 108 basis points for the quarter and year-to-date, respectively (the yield as of October 14<sup>th</sup> was 3.42%).

Below are rates of return for selected market indices for the third quarter of 2009, year-to-date 2009, and the three, five, and 10-year compound annual returns as of December 31, 2008.

	<u>3Q:2009</u>	<u>YTD-2009</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
<b><u>Equity (Stock) Indices</u></b>					
Domestic Large Cap					
Russell 1000 – Growth	16.32%	27.11%	-9.11%	-3.42%	-4.27%
Russell 1000 – Value	16.70%	14.85%	-8.32%	-0.79%	1.36%
Russell 1000 – Blend	16.50%	21.08%	-8.66%	-2.04%	-1.09%
Domestic Small Cap					
Russell 2000 – Growth	23.38%	29.12%	-9.32%	-2.35%	-0.76%
Russell 2000 – Value	18.00%	16.36%	-7.49%	0.27%	6.11%
Russell 2000 – Blend	20.69%	22.43%	-8.28%	-0.93%	3.02%
Real Estate (FTSE EPRA/NAREIT Global)	37.25%	35.80%	-11.20%	NA	NA
International					
MSCI EAFE Developed Large Cap	25.85%	29.58%	-6.92%	2.10%	1.18%
MSCI EAFE Developed Small Cap	34.54%	48.81%	-13.45%	1.51%	NA
MSCI Emerging Markets	34.84%	64.88%	-4.62%	8.02%	9.31%
<b><u>Fixed-Income (Bond) Indices</u></b>					
Barclays Capital					
Global Aggregate	6.24%	7.85%	6.95%	5.01%	5.22%
U.S. Aggregate	3.75%	5.72%	5.51%	4.65%	5.63%
U.S. Treasury TIPS	3.08%	9.48%	3.06%	4.07%	6.79%
U.S. Corporate High Yield	14.22%	48.98%	-5.60%	-0.80%	2.17%
Municipal	7.11%	14.00%	1.86%	2.71%	4.26%
International Emerging Markets	11.35%	31.10%	-0.46%	4.38%	9.62%

Source: www.russell.com, www.nareit.com, www.msccbarra.com, www.lehman.com



## Time to Refocus and Get In Motion

Preparing for retirement and managing income while in retirement are among the top personal finance issues facing American consumers (based on the Certified Financial Planner Board's 2009 National Consumer Survey on Personal Finance). Despite these concerns, nearly two-thirds of those households do not have a written financial plan, and only 17% have a written plan and update it regularly. (See [www.cfp.net](http://www.cfp.net) for the full report.)



With the investment volatility and economic downturn of the past 18 to 24 months, countless investors are still nervous about financial markets and decisions. Many are petrified by fear of uncertainty and have chosen the "avoidance" route by ignoring all things financial. Now that the economy appears to have averted the Great Depression Part II, and many investments have recovered in whole or part, perhaps it is time to refocus on financial matters.

For this quarter's newsletter, I asked Joe Rosenlicht, founder of InMotion Coach, to write an article about how to be in motion with your personal finances. Joe is a certified coach specializing in career, executive, business, and wellness coaching. He helps his clients live exceptional lives by becoming more effective employees, clarifying career direction, creating customized resumes, conducting productive job searches, and interviewing and networking more powerfully. He also coaches on wellness issues such as work-life balance, stress-reduction, and nutrition. (See [www.inmotioncoach.com](http://www.inmotioncoach.com) for more information.)

## Be In Motion to Take Charge of Your Finances

Central in my work with coaching clients is to advise them to always be in motion. In other words, be willing to try something, anything versus being paralyzed by fear of the unknown. There are no guarantees in life, but using sound judgment and trusting your gut instincts will at least, usually, put you on the right track. The same holds true when dealing with your finances. And these days, it's all too easy to get overwhelmed when dealing with your personal finances. Here are five great ways to stay motivated and in motion toward reaching your financial goals:



1. **Cut yourself some slack:** Rather than trying to come up with the complete financial plan, initially focus on the most important items. Initially, just try to get things moving in the right direction. Take care of the major things now and fine-tune later.
2. **Set small goals:** What if you don't save for retirement because you have always been confused by the options? Decide that in one month you will start investing towards retirement. This week read one article about the Traditional IRA. Next week read one about the Roth IRA. The next week read one on your company plan (401(k), 403(b), etc.). In the last week, commit to asking someone knowledgeable what they recommend or consider working with a financial advisor.
3. **Make the commitment and look to the future:** During the initial stages of trying to get your finances in order, commit a few hours each week. Things will not change without your time investment. Remind yourself that this is a temporary time commitment. In the future, once the momentum has shifted, you will get to ride back down the hill you are currently traveling up.



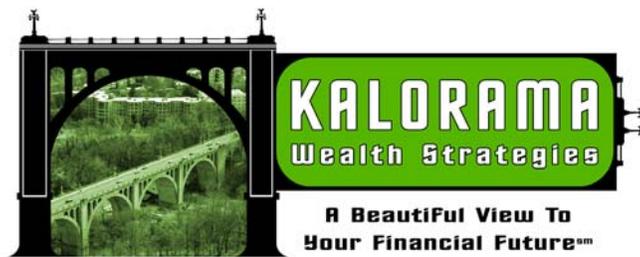
4. **Save:** The most important thing about saving is *developing the habit of saving!* Even if you can only save 1% of your earnings, just do it. And once you commit to your savings strategy, stick to it every payday.
5. **Develop positive money awareness:** The first step to financial health is to build money awareness. Where does it come from? What are you spending it on? How much do you save? Many people aren't aware of how money flows through their life. They don't budget or they assume that money is, and will continue to be, a "problem." This actually ensures that it will continue to be a problem. Focusing on lack of money simply creates additional stress. And stress prevents the clear, focused thinking you need to bring more money into your life. Consider making a commitment to become more aware of money in a positive way. Begin to think of it as a resource to be managed and used wisely, and you will find you have more money available than you thought you had.

Using a combination of these strategies will help to alleviate the overwhelming feeling that many of us have about our financial health and bring us closer to realizing our financial goals!

If you need help to get in motion about your finances, career, business, or wellness, please contact Joe at InMotion Coach ([joe@inmotioncoach.com](mailto:joe@inmotioncoach.com)). If you have questions about financial matters, please contact David at Kalorama Wealth Strategies ([www.kaloramawealth.com](http://www.kaloramawealth.com)).

\* \* \* \* \*

Thank you for your business, trust, and referrals. Please feel free to forward this email to friends and colleagues who can benefit from information about investing and financial planning. If I can be of any assistance to you or anyone you know, please do not hesitate to contact me.



**Fee-Only Investment Advisory And Financial Planning**

**David M. Taube, CPA, CFA, CFP®, CRI**  
**2136 12<sup>th</sup> Place, N.W., Suite 100, Washington, D.C. 20009**  
**Phone: (202) 550-7262**                      **Fax: (480) 247-5620**  
**[dtaube@kaloramawealth.com](mailto:dtaube@kaloramawealth.com)**                      **[www.kaloramawealth.com](http://www.kaloramawealth.com)**

Investment advice offered through Medallion Advisory Services, LLC\*, Registered Investment Adviser.  
\*Wholly owned subsidiary of TMG Holding Company, Inc. T/A The Medallion Group.  
Kalorama Wealth Strategies and TMG Holding Company are not affiliated companies.