

### Perspective

As I discuss below, I have been in the financial services industry for a long time and through several ups and downs. I graduated from college during the economic recession and market decline of 1973-74, a time period which I consider to be very similar to the decline of 2008. I remember high unemployment, the Oil Embargo, gas lines, and the beginning of high inflation. They all passed, markets recovered, and the economy turned around. Since then, I have been through the crash of 1987, the recession of 1990, the decline of 2000-2002, and, of course, the economic and market collapse of 2008.

In January 2009, after one of the worst market declines since the Depression and before the stock market hit its second low in March, you received a Thoughts and Comments from us. In the first section I discussed losing money. Specifically, the first paragraph read as follows:

*Over the past few months, I was asked a few times how much money I had lost in the market decline. My answer was always the same, nothing. It was not that my Portfolio had not declined in market value. Just like most everyone else's, it has. Instead, it was that I do not look at it as a permanent loss, but rather as a temporary decline in market value.*

One year later, only investors who sold at the bottom locked in losses.

It seems that much of the media tells investors that a decline in market value is a permanent loss. However, we have just seen a substantial recovery in most asset classes affected by the decline of 2008 through March 2009. These gains are reflected in the overall increase in your Portfolio in 2009. Undoubtedly, market volatility will continue; however, perspective tells us that the US and global economies will continue to grow and markets will recover and eventually reach new highs.

Though there are no guarantees for the future, it is because of this perspective that I continue to believe a diversified portfolio, consisting of a wide variety of asset classes, will lead to long-term growth and reward investors with competitive real returns in excess of inflation.

### Investment Philosophy

Our overall investment philosophy is for portfolios to be broad and diversified among a variety of asset classes. Specifically, we break down investments within a portfolio into five broad allocation categories: Minimal Risk, Moderate, Moderate Growth, Growth and Alternative Strategies. As you would expect, a portfolio with a high percentage of Minimal Risk investments has less market risk and volatility but also less potential return than a portfolio with a high percentage of Moderate Growth and Growth investments. Generally, in terms of an overall portfolio, we suggest investors remain in the Moderate to Moderate Growth range.

In addition to broad, diversified investments, when appropriate we suggest investors target specific investment themes which we believe have above average potential return within their allocation category. After the market initially declined in late 2008 we sent out a letter identifying several specific themes which we believed would be important going forward. Specifically, those themes were dividend paying stocks, inflation and commodities, the green economy, and global growth.

# Ranstrom Financial Planning Services

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We continue to believe these themes have above average potential and have recently added an additional theme – the decline of the US Dollar against other currencies. If you have questions on how these themes fit into your Portfolio, be sure to give us a call.

## Learn from the Past, Plan for the Future, Live for Today

I have had several, for lack of a better word, mottos that have been important to me over the years. One of these is the above statement which can be found on our website and business cards. I have always felt that planning for the future is only one part of financial planning and money management. The second part is the opportunity to help our clients to better enjoy life today because they *have* planned for the future. Bringing together these interrelated parts of the financial planning process is our ultimate goal.

## 25 and Counting — Thank You

Though I entered the financial services industry in 1978, I actually started what is now Ranstrom Financial Planning in the fall of 1984. This past fall we celebrated our 25th anniversary, an event that has given me ample opportunity for reflection.

Our goal today is the same as it was at the beginning – to provide the best possible financial planning and money management services we can to our clients.

We have worked with many of our clients for more than ten years and our business has grown thanks to the many referrals we have received over time. As I have reflected on all that has transpired to bring RFP to this point, I grow excited as I look toward the future. Though obviously I have been around for a few years, I have no plans to retire. In addition, I have assembled a talented and experienced staff with excellent professional credentials, all in their twenties and thirties. Together, we hope to serve your financial needs for many more years to come and are incredibly thankful for the opportunity to have worked with you so far.

*As always, if you have questions or concerns regarding your portfolio or financial plan, be sure to call or email us.*

***Wishing you a happy and healthy New Year.***