

September 18, 2008

To all of our valued clients, and friends:

In response to the dramatic and historic market events this week, we are reaching out to all of our clients and friends to share with you our thoughts during this very difficult time. My overall concern for you is I do not want you to become a victim of the “crisis of confidence” that the world financial markets are experiencing, and the media is exasperating.

It is NOT different this time!

Markets drop, and your thinking “it’s different this time”. Like many, I too am skeptical as markets fall. Over the years, I learned, first hand, the emotional effects of dropping portfolio values on investors. Money is life’s energy, and thus, your emotion and your money can go hand in hand. It took a good many of my first 10 years of my 25 years of working directly with investors and the markets to have gained the CONVICTION I carry, and the message I ADVOCATE to investors.

My message is simple – whether you’re investing for retirement, or investing in retirement – the key to long term investment success is being a long term investor. How many times have we all heard this? Sounds simple and is so - when markets are going up - quite difficult today. Again, money is life’s energy! Managing our emotion is a key to long term investment success. The old adage regarding “greed and fear” and the markets – well, as we’ve all heard, recognizing the problem is half the battle. Please call today IF the emotional side of you is rising above the logical side of you.

Markets are SEASONAL!

As spring turns to summer, summer to fall, fall to winter, and winter to spring – stock and bond markets follow the same course. BEAR MARKETS, like the one we are currently struggling through, is normal in the course of investing in the life of any investor. BARRON’s July 7, 2008 article entitled “The Bear is Back” states that the average post – 1940 bear market lasts 386 days and produces a decline of 30.40% from peak to trough. How normal are they? This is the 12th BEAR MARKET since WWII.

BEAR MARKETS and BOXING MATCHES

I believe the above comparison accurately reflects the feel of many a BEAR MARKET. Like boxing, investors in BEAR MARKETS are bombarded (punched) with bad news. This bad news often has adverse effects on their investment portfolio values. In the 2000-2002 GREAT BEAR MARKET, the punches were gargantuan in size, and often, totally unexpected (9/11). The many investors that withstood the barrage eventually reaped the benefits of a substantial recovery in their portfolios values years later. The second aspect of boxing matches is longevity. It is this attribute that hurts many investors in BEAR MARKETS. BEAR MARKETS seem as if they will never end (they do), and that they will last forever (they don’t).

REASON for OPTIMISM!

This miserable decade can’t end quickly enough – in my opinion. How miserable is it? The S&P 500, a diversified US stock index of larger US corporations has returned a NEGATIVE RETURN for the past 8 ¾’s years. Not since the 1930’s when a similar index returned .89% annually (WOW – I said LESS than 1.00% for this decade, annually) have we had such a miserable decade.

That's the good news! That's great news! This decade is almost over! Halleluiah!

I believe in the theory that markets, eventually, revert back to the mean. Thus, the 18% 1990's decade when combined with the 2000's 0.00% decade provides a 9% average rate of return. What is the average rate of return on the S&P 500 stock index over long periods of time? It's around 10.00%. Hopefully, we can have a decade that reverts back to the mean, and earn a boring 10% average return on US large stocks over a decade!

You have to do is to provide the patience, and faith!

Coach John Wooden (UCLA Basketball – won 10 NCAA basketball titles in the 1960's, 1970's). He lists PATIENCE and FAITH as the final two attributes one needs to possess to succeed in his PYRAMID of SUCCESS. Coach Wooden is quoted saying – “you must have patience. Good things take time. Accept the fact that good things take time. Good things take time, and SHOULD. You must have PATIENCE.”

John Bogle, Founder of Vanguard Funds believes “Common sense investing is grounded in simplicity, but requires faith”. Mr. Bogle, in his book, “Investing, The First 50 Years” states “Investing is an act of faith. We trust our capital to corporate stewards with the faith that their efforts will generate high rates of returns on our investments ... and the faith that the long-term success of our nation's economy and financial markets alike will continue in the future.”

Let's meet, let's talk!

The offer has always been open since the day we began doing business! Let's meet, let's talk. In person – great! Over the phone – absolutely! When – any weekday works – as does any weekend or any weeknight! I will do my best to make myself available. It is crucial that we communicate during this historic and stressful period in history. Please email me – or call the office, or my cell. It is in BOTH of our best interests that you become the BEST investor you can become. I know I can help. Let's work together and get through these difficult times!

Ashka Patel, MBA and Brendan Cavanaugh

Ashka Patel has assisted me at The Advisers Trust, LLC since January, 2007. Ashka is very knowledgeable in all aspects the business, and is here to assist in any way she can. Congratulations to Ashka in completing and earning her MBA this summer. Ashka has decided that she would like to become a Certified Public Accountant (CPA) and is currently enrolled at Western Connecticut State University in evening classes. She hopes to sit for the CPA exam next fall.

Brendan Cavanaugh graduated from Roger Williams University in Rhode Island in 2007. Brendan has worked at The Advisers Trust, LLC, on and off, since our inception in December, 2004. I have known Brenden, and his family since the early 1990's. Brendan was a Criminal Justice major, and is contemplating entering the law enforcement field as a police officer. I've asked Brendan to update each of our client files to accurately reflect your personal information, including beneficiaries, updated wills, etc. Thus, Brendan may be calling you to briefly review and update your information. If you any questions or concerns please feel free to call the office.

Thank you for your time. I look forward to speaking with you soon.

Sincerely,

Walter Pachniuk, CFP®

CERTIFIED FINANCIAL PLANNER™ professional