CLARION [Klar'i-on] *adj.* brilliantly clear; loud and clear
(A clarion call to action)

ClearView Wealth Management

The Clarion

COVER STORY

Who Knew? Few, If Any, Predicted The Great Sell-Off Of 2008.

By Bob Cannon, President/CEO

Hindsight versus foresight. 20/20 vision from the rearview mirror versus predicting the future through the crystal ball. What would we have done differently if we knew in December 2007 what we now know in December 2008? What changes would we have made to our investment portfolios last year if we could have accurately predicted the massive loss in value in the stock market that occurred in 2008?

During a recent review of several predictions by prominent economists in late 2007 about the year to come, the vast majority of those I read predicted a flat year or that the markets in 2008 would be up or down by a few percentage points. At this point last year, many were posturing over whether we were in a recession, on our way into a recession or whether there would even be a mild recession. I did not find one who projected a 10%-15% decline in the stock market, let alone the 50% we have realized. No predictions reviewed suggested that by the end of 2008 we would be mired in a world-wide recession or predicted the demise of the great investment banks of Wall Street. None of these economic experts even hinted at a potential collapse of the capital markets that would require a massive bailout by the U.S. government. Not one of them foresaw the collapse of a major bank, let alone WAMU, the country's largest thrift.

What would we have done differently if we knew in December 2007 what we now know in December 2008?

What can the average investor learn from this? How can we steel ourselves from participating in the downside again should the events of 2008 linger for an extended period of time to come or be repeated in the years ahead? All we can do is look at history and try to learn as much as we can about the lessons from the past. The prudent investor learns from their mistakes. There is no foolproof investment. There is no way to ensure that every investment will be successful. It is not possible to eliminate risk from a portfolio; all we can do is mitigate the risk. So, where do we go from here?

First of all, be diligent. Get informed, stay informed and be proactive in managing your assets. Don't sit on the sidelines as an observer and do nothing. We encourage all clients to meet with us at least annually to review their portfolio, evaluate their goals and objectives and update their investment plan for the future. VERY few of our clients take advantage of this free service. You worked hard to earn and save your money. You should make your money work hard for you. It only takes a couple of hours a month.

Diversify your portfolio into a variety of non-correlated investments. Real estate, the stock market and some other investments are leading the recession. Notes, debentures, energy, equipment leasing, managed futures and other investments we offer through Pacific West Securities have all been performing very well this year, although, past performance is no guarantee they will continue to do so.

Take advantage of opportunities in the market place. For those who like to invest in the stock market, there may not be a better time than right now for many, many years. This is the quintessential example of buy low and sell high. Barton Biggs of Traxis Partners, a NY hedge fund, suggests we will soon see "the mother of bear market rallies." He points out that the Dow has had the steepest decline since the 1930s and the

(CONTINUED ON PAGE 8)

Client Corner

ClearView Wealth Management provides a broad array of financial services to individuals, families and businesses focusing on three key areas: Asset Allocation, Financial and Estate Planning and Tax Advantaged Investments.

We would like to congratulate the following new and returning clients who invested in one or more products in October and November and those that requested not to be listed.

Elizabeth Desimone

Ron DiPietro

Jo Li & Miu San Wong

Kathy Lindeke

Bill & Sue Lowery

Carol Sanford

Neal & Janet Skok

Rick VanAuken & Christine Nygaard

Judy Wolhaupter Hayes

Financial Services

- Tenant-in-Common Real Estate
- Delaware Statutory Trust
- Natural Gas & Oil Investments
- Managed Money
- Notes & Debentures
- Equipment Leasing
- Real Estate Funds
- Managed Futures
- Mutual Funds
- Annuities
- Cash Management Funds
- Life Insurance

PRESIDENT'S MESSAGE

The Deepening Recession

What Are Investors to Do?

Bob Cannon, President/CEO

As you can well imagine, we have been receiving a lot of phone calls asking what we think about the current recession, the bad news we seem to get almost daily on the stock market, the declining values some people find in their retirement accounts and the fear of some that they may not be able to retire as planned or even enjoy the quality of life they once envisioned in retirement. The good news is that most of our clients have followed our advice over the years and have kept only a fraction (ranging on average 10 to 20%) of their net worth in the stock market.

The declining values in the stock market certainly have had an impact on their stock portfolios, but this diversification into non-correlated investment products have enabled them to avoid a dramatic decrease in their net worth. Many of our clients have invested in syndicated real estate, energy, equipment leasing, notes, debentures, managed futures and a variety of other alternative products like REITs.

If you are a regular reader of The Clarion and/or you are a ClearView client, you have heard us say repeatedly that one of our basic strategies for clients seeking to build and maintain wealth over the years is to broadly allocate and diversify your portfolio into non-correlated tax-advantaged investments. The past year has been the quintessential example of the importance of this strategy. MSNBC recently reported that the stock market losses this year have now given back the entire value achieved during the extended "bull run" from 2001 to 2007.

The lead article on Page 1 in this issue of The Clarion addresses the topic of what our clients might learn from investing in these times and outlines some strategies we recommend for our clients' consideration. These are tough times, let there be no doubt about it. I have no crystal ball to accurately predict the future, but personally believe the economy has a long way to go before we see an economic turnaround in this country and worldwide as well. In times like these, there are lessons to be learned - that much is certain. But I am firmly of the belief that most of us may never see a better time to invest and build wealth in our lifetime than we will have over the next 18 months. Read the cover story on Page 1 to learn why.

Bob Cannon

Managed Money

Managed Money is a means of investment where the investor, rather than buying and selling their own securities, places their investment funds in the hands of a qualified investment professional for a predetermined annual fee for the service of researching prospective investments and maintaining the fund's portfolio.

Frequently Asked Questions

How do Managed Money programs differ from mutual funds?
Mutual funds pool your money and invest in stocks, bonds and other securities on behalf of all the individual shareholders, who have similar investment or financial goals. The shareholders jointly own the fund's investments, and each share represents an equal percentage of ownership in the fund's assets. The fund's share price is the market value of the securities held - less any fees, expenses, and liabilities incurred by the fund - divided by the total number of shares.

The cost of a mutual fund can vary considerably depending on its investment type (equity, fixed income or international securities) and structure (load or no-load). However, when estimating the cost of a mutual fund, you need to consider transaction costs, custody fees, distribution and marketing costs and service fees for the fund manager.

Managed Money portfolios, in contrast, are separate securities personally owned by individual investors. When you participate in these portfolio programs, you may benefit from a number of services not offered by mutual funds, such as:

- Investment Policy Statements: In our programs, for instance, we generate an Investment Policy Statement based on your stated financial objectives, and we deliver it to your selected investment manager.
- A portfolio tailored to your needs: We create a customized portfolio addressing your individual needs, as identified in the Investment Policy Statement.
- Due diligence: You may not have the time or inclination to research and identify the right funds or do the initial search and due diligence, then continue to monitor your manager for you.
- Performance reporting: You receive independent reports, including comparisons to appropriate benchmarks and to your financial objectives. Our Basic and Specialized separately managed account programs offer quarterly performance reports in addition to monthly statements.

Why can't I go to an investment manager directly?
You can. However, with more than 30,000 investment managers in the U.S. today, it could be difficult for you to find the most appropriate manager. The one that achieves the best performance results may not be the best for you; that manager may, for instance, take more risk than you are willing to tolerate. In addition, more seasoned investment managers often have higher account size minimums. And not all management firms are willing to provide personalized attention or address clients' individual needs.

Our programs give you direct contact with the investment manager. The manager uses your Investment Policy Statement to manage your portfolio according to stated objectives.

I thought my Financial Advisor was a professional investment manager?
You and your Financial Advisor work as a team, strategizing your investments. Once your decision is made, we handle your transactions and research needs. This lets you and ClearView concentrate on your long-term investment plans.

What is dollar-cost averaging?
Dollar-cost averaging involves investing a set amount of money in a mutual fund or security at regular intervals, regardless of price fluctuations. This investment strategy can help you buy more shares when prices are lower and fewer shares when prices are higher; it can provide a more beneficial average share cost and alleviate some of the impact of market fluctuations. This strategy neither ensures a profit nor protects against losses in declining markets. Before you invest, you should consider your ability to continue investing in down markets.

Why is there a $100,000 minimum account size for some programs?
The efficiencies of money management work most effectively at or above that asset level. It is very difficult to create adequately diversified portfolios with fewer holdings.

For more information on our Managed Money programs please contact us at (866) 557-1031.

Buy, Sell or Hold
What are Stock Market Investors to Do?

It has been quite a year to say the least. Many people have lost substantial portions of their net worth and are concerned their portfolios may never regain its original value. So what have we learned? What can we do at this point to hold on to what we have left? The most common questions we get today from stock market investors are something like this: "Should I take all my money out of the market?" "Should I convert to cash and buy back into the market at lower values?" "Should I just stay the course and wait for the market to come back?" "How long will it take to regain the losses I have incurred this year?"

Our answer is, "It all depends." It depends on your age, on market performance, on your asset allocation and on what percentage of your net worth you have invested in the market. It depends on your risk tolerance and what is right for you at this point in your life. It depends on a number of factors that all must be considered very carefully at this point. One thing is for sure, it is time to make some decisions and to stop sitting on the sidelines doing nothing. It is time to be proactive, not reactive.

So, what have we learned? One thing we have learned is the old strategy of buy and hold is definitely not right for everyone. One of the biggest mistakes many investors have made over time has been to "ride the market all the way up and then ride it all the way back down." Does this sound familiar? Riding it up is the good part of the buy and hold strategy. Riding it all the way back down is the bad part. Buy and hold makes some sense if you are young and have decades to recover losses of value. It makes less sense if you are closer to retirement and don't have those decades to recover.

We have also learned that the economy goes through cycles, and the stock market to a degree, reflects those cycles. We have learned that it makes sense to take your profit off the table when it has been made and reinvest that profit in something designed to retain value and generate income, i.e., don't ride it all the way back down. One strategy investors can benefit from is to set a high water mark for the value of their stock portfolio. When the portfolio exceeds that value by some predetermined amount, take out the profit and reinvest it in an income product. When the market goes down, use the investment income to buy back into the market at lower values when "stocks are on sale." When the portfolio grows to exceed that same predetermined amount once again, repeat the process. Harvest your profits and use your profits to create more wealth.

Another strategy that investors can benefit from is to leave half of the money in the market and remove the other half from their stock portfolio and invest it into products designed to provide monthly and quarterly income. Let's consider the following example to understand the potential benefit of this strategy with IRA funds.

Portfolio value 1/1/08 = $1,000,000 vs. portfolio value 12/1/08 = $600,000. Leave $300,000 in the market and invest $300,000 into alternative investments. Assume the market generates a 10% per year return on the $300,000 for 5 yrs. Assume the alternatives generate 10% per year on the $300,000 for 5 yrs Assume all returns are reinvested monthly and compounded. After 5 yrs the value of this portfolio would be approximately $987,186. $600,000 in the market for 5 yrs. compounded at 10% is approximately $987,186.

Assume the market generates an 8% per year

CONTINUED ON NEXT PAGE

return on the $300,000 for 5 yrs. Assume the alternatives generate 10% per year on the $300,000 for 5 yrs. Assume all returns are reinvested monthly and compounded. After 5 years the value of this portfolio would be approximately $940,547. $600,000 in the market for 5 yrs. compounded at 8% is approximately $893,907.

Assume the market generates a 6% per year return on the $300,000 for 5 yrs. Assume the alternatives generate 10% per year on the $300,000 for 5 yrs. Assume all returns are reinvested monthly and compounded. After 5 years the value of this portfolio would be approximately $898,248. $600,000 in the market for 5 yrs. compounded at 6% is approximately $809,310.

We cannot predict the future and do not know if the stock market will go up or down over the next five years. There is no guarantee that the alternative investments selected would return 10% per year if so projected in their PPM. But if the above hypothetical example were to bear out, it is apparent that adding an income-based component to an investor's portfolio might be a good strategy to consider while trying to regain the loss of value incurred over the last year in the stock market. That is why we believe it is time to be proactive.

Please call us if you would like to discuss these and other strategies for preserving and growing your wealth.

SEMINARS

Please Join Us at One of Our Seminars

Alternative Investment Products - Investing Away from the Stock Market

Please join us for our new program, "Alternative Investments, Investing Away From the Stock Market". We will educate you about the leading investment products that are now the number one choice among ClearView clients nationwide seeking options other than the stock market.

Learn about products provided through our Broker/Dealer, Pacific West Securities, which are designed to generate monthly or quarterly income. In times of trouble and turmoil like these, it is good to know you have access to a broad array of non-correlated investments that provide the potential of ongoing income over time.

Come learn how these products can potentially change your historical investment experience by delivering monthly or quarterly income. Space is limited and registration is required. For more information or to register call (866) 557-1031 or email seminars@cvwm.com.

Upcoming Seminars

January 8, 2009	**Portland, OR**
January 13, 2009	**Oak Brook, IL**
January 14, 2009	**Chicago, IL**
February 25, 2009	**Renton, WA**
February 26, 2009	**Seattle, WA**

Visit cvwm.com for more information on Alternative Investments

CLEARVIEW NEWS

Congratulations to Wes Larson

Union Bay Lofts Completed - Nominated for "Best Built Design"

Wes Larson has completed his mixed-use commercial building. The Union Bay Lofts, is in Seattle, Washington and it has been nominated by the American Institute of Architects for "Best Built Design". The project took three years to complete, from design, to permitting to construction, and the total cost was $7.1 million.

The progressive design can be seen from miles away for its bright use of color and bold design. The residential design maximizes views, light and air into and out of every unit, while holding the noise levels from the street and I-5 at bay. Built on the historic Larson block on Eastlake Avenue, this mixed-use urban infill project includes approximately 50,000 square feet. It offers 18 rentable loft units, 4,000 square feet of commercial space, anchored by Kristos Kitchen & Bar and 17,000 square feet of covered parking.

RETIREMENT

Why You Should Keep Contributing to Your 401k

A Down Market is No Time to Pull Your Money Out or Cut Contributions.

With the way the market is behaving, you may be tempted to pull money out of your 401(k) right now or greatly reduce your contributions. If you're considering such a move, please reconsider it.

Don't stop saving for retirement. Even if you think you're wealthy enough to forego putting money in your 401(k), you could end up seriously shortchanging your retirement savings potential by reducing your retirement plan balance or elective salary deferrals.

A 401(k) plan is a great retirement savings vehicle – and the fact is that most Americans have not saved enough for their retirement years. Additionally, if you withdraw money from a 401(k) plan before age 59½, you'll face a 10% tax penalty (with few exceptions) and you may end up spending money today that could have enjoyed tax-deferred compounding in the future.

Don't expose more of your money to taxes. Usually, contributions to a 401(k) are tax-deductible. If you decide not to make those contributions, here's a consequence: the IRS and your state government will claim more of your income. So you'll wind up with less money in your wallet today and less money in your retirement account.

Don't lose out on a match. Will your employer match your contributions – say, a dollar-for-dollar match on the first 3% of salary? If you make $60,000 per year, 3% is $1,800. Would you throw away $1,800 worth of free money each year? You shouldn't, especially given that this money will grow tax-deferred.

Do keep contributing steadily. It's a good idea to keep up the dollar cost averaging and continue to make steady month-to-month or paycheck-to-paycheck salary deferrals. In all probability, this is central to your financial plan - and how will you amass the retirement savings you need if you stop contributing? Sure, there are other ways to build retirement savings, but dollar-cost-averaged contributions to a 401(k) represent a consistent, recurring way to get that job done.

If you contribute to your 401(k) plan through a dollar cost averaging approach, your investment dollar is buying shares at a lower price in this down market – and it is also buying more shares for your money. That could put you in a really good position when the market rebounds.

It's a good idea to keep contributing even if you are falling behind financially. Should you pay down debts with your 401(k) assets? Only as a last resort. In fact, if you are looking at a bankruptcy or similar financial pressures, a 401(k) account is a really good place to put some of your money (the 2008 contribution limit is $15,500, with a $5,000 ceiling on additional "catch-up" contributions for workers 50 and older). Pension plan, IRA and 401(k) assets are protected in bankruptcy proceedings in most states.

Do review your goals. Look at your time horizon. Look at your overall financial plan. Whether you are nearing retirement or far away from it, you will see that your 401(k) is a vital tool for pursuing your financial objectives. So don't be discouraged by the short-term headlines; abide by the long-term plan created personally for you.

Are REITs Right for You?
You Can Own Real Estate Without Having to Be a Landlord.

What is a REIT? A real estate investment trust (REIT) is a real estate investment company that manages a portfolio of income properties, distributing the lion's share of its profits as dividends. By getting into a REIT, you can gain an ownership interest in prime commercial real estate - without the headaches of commercial real estate management.

How do REITs work? On one level, a REIT is an agreement with the IRS. In choosing a REIT structure, a real estate investment company agrees to pay out 90% or more of its taxable profits in dividends in exchange for avoiding corporate income tax.[1]

In the typical public REIT, investors buy shares in the trust. (You may have heard the term "real estate stock" before; that's what we're talking about.) Like any other stock, REIT stock offers you the potential for dividend income and share value appreciation. REIT dividend income tends to be stable, as REITs usually invest in large commercial properties involving long-term tenant leases. The REIT may choose to make some of the dividend a nontaxable return of capital, which results in tax deferral and a lower taxable income for the investor during the period he or she holds the stock. That can boost the after-tax dividend yield. REITs don't pass their losses onto investors, and they usually don't have minimums.[2]

Non-traded REITs. Most REITs are listed on stock exchanges, but not all are. Some REITs are non-traded (or "non-listed"). Non-traded REITs are akin to private equity funds in that they are usually conceived to last less than 10 years before listing their shares, selling out, or liquidating. They typically invest aggressively when they start buying assets, and their dividend yields can be notably higher than those from publicly listed REITs.[3]

Are REITs right for your portfolio? Many investors are considering REITs these days, attracted by the diversification they provide for a portfolio. Notably, there are REIT mutual funds, closed end funds, and REIT ETFs to choose from, among several options. Before you make the move to invest in a REIT, call us to discuss the various REIT programs we have available and the particulars surrounding a REIT investment.

Investments in real estate have various risks including lack of liquidity and devaluation based on adverse economic and regulatory changes. Additionally, investments in real estate will fluctuate with the value of the underlying properties and your investment may be worth less than the original purchase price when redeemed.

These views are those of Peter Montoya Inc., and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.

Citations

1 investopedia.com/articles/04/030304.asp

2 moneycentral.msn.com/quickref/quickref.asp?cat=10&qamode=2&reftype=0&selcat=3&sub=4&topic=8

3 nareit.com/portfoliomag/08marapr/feat2.shtml

May Peace, Joy, Hope and Happiness
be yours throughout the New Year!

ClearView Wealth Management

371 NE Gilman Blvd, Suite 310
Issaquah, Washington 98027

Return Service Requested

Presorted
Standard
US Postage
PAID
Seattle, WA
Permit #6781

Corporate Office
Issaquah, Washington
866/ 557 1031
425/ 557 0559

Anchorage, Alaska
87 PICK A TIC
877/ 425 2842

Chicago, Illinois
312/ 423 6789

Rochester, New York
585/ 223 6511

www.cvwm.com

Search
cvwm.com

WHO KNEW? FEW IF ANY, PREDICTED THE GREAT SELL OFF OF 2008.
(CONTINUED FROM PAGE 1)

spread between the price and 200-day moving average at 34% is the greatest since July 1932. We offer diversified stock portfolios from third party managers for those seeking to invest while the market is still at a seven-year low. For real estate investors, we are seeing many buying opportunities from troubled owners and troubled lenders for both real estate and debt. We have RE funds available to our investors to take advantage of these opportunities that do not require substantial cash outlays.

Follow the example of the big institutional investors. A recent study by Harvard Business School found the majority of university endowment funds with more than $1 Billion in assets have only a 21% allocation to standard equities and only 12% to fixed income. On average, they allocate 46% to alternative investments. There are a wide variety of alternative investments and we offer many of them to our investors as described above. Many of these investments are offered in the form of direct participation programs (DPPs) – publicly registered securities. A recent report from Robert A. Stanger & Co. stated that investments in DPPs were projected to top $11 Billion in 2008 as investors repositioned money away from the stock market.

There is no single solution, no panacea and no silver bullet to protect oneself from the vagaries of economic change. The best we can do is learn from the past, actively manage our investments, be proactive and not reactive, mitigate our risk, broadly allocate our portfolio into non-correlated investments, take advantage of the opportunities that are presented to us and learn from the most successful institutional investors. My best advice is to meet with us annually for a financial check-up to stay informed and be proactive.