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

ClearView Wealth Management

The Clarion

COVER STORY

Repositioning Assets

An Offensive Defensive Strategy

There is an old adage in sports that goes something like this, "the best offense is a good defense." We now are mired in what many economists consider to be the worst recession since The Great Depression. Times are tough.

Investors in the stock market and real estate have lost great value. Many wonder what to do. Should you stay the course and follow the precept of "buy and hold" or should you sell and re-position assets? Does your portfolio need some minor adjusting or does it need an overhaul?

The economic downturn has impacted markets, assets and investment portfolios throughout the world. Now is a good time to evaluate your options and determine how your portfolio should be constructed going forward – compared to how it is today. You may chose to "hold on until it comes back" for all or a portion of your portfolio or you may choose to reposition your portfolio and re-allocate some or all of your assets to other types of investments.

So, the million dollar question is, "Reposition my assets into what?" If you are a regular reader of The Clarion, you know the answer: reposition your assets into a portfolio of diversified, non-correlated investments. They might include energy, managed futures, stocks, equipment leasing, separate accounts, traded bonds, real estate funds, notes and debentures among others.

We believe the real key is to diversify your portfolio. Allocate your assets into different categories of non-correlated investments. Each investment or asset category has different types of risks and returns. When the value of one asset class increases, another may decrease or it may not increase as much. When the value of one investment type decreases, another type may increase or not decrease as much. The idea is to hedge your portfolio by diversifying across a number of non-correlated asset classes.

What's the number of investment types you should have in your portfolio? How much should you allocate to each asset category? The asset allocation model you create is dependent upon your goals, risk tolerance, time horizon, savings rate, etc. You may choose to start slowly, adding additional asset classes to your portfolio over time or you may chose to overhaul your portfolio and make the changes more quickly. You may choose to take a weighted approach and allocate a different percentage of your assets to each type of investment. Or, you may choose to take a very balanced approach and allocate a nearly equal amount to each asset class.

Either way, it is a good time to look at your portfolio and evaluate options to diversify your investments, reduce risk and enhance potential for returns. "When the going gets tough, the tough get going." These are tough times. Are you ready to get going?

Diversification is designed to reduce risks that are unique to a specific investment or asset class; however diversification cannot eliminate risk.

Go Green! *If you would like to receive our newsletter electronically instead of by U.S. Mail, send an email to KathyLindeke@cvwm.com to be added to our email list.*

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 so far in 2009 and those that requested not to be listed.

Steve & Kathy Gano

Rimma Tikhonov

Ron & Beverly Iverson

Chris & Amy Liu

Robert & Hiyam Van der Wilde

Financial Services

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- Natural Gas & Oil Investments
- Managed Money
- Notes & Debentures
- Equipment Leasing
- Real Estate Funds
- Managed Futures
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- Mutual Funds
- Annuities
- Cash Management Funds
- Life Insurance

The Past, The Present and The Future

A Perspective Through the Looking Glass

Bob Cannon, President/CEO

They say the past is history, the present is prologue and the future is at best uncertain. Nowhere is this more true than in the investment world, especially at this point in time. We now have come to have a greater appreciation for the ancient Chinese curse, "may you live in challenging times." Life is unpredictable, but it does hold certain truths. We know historical events cannot predict the future. We know decisions we make in the present will greatly impact what is to come. We know the future will bring change and we know that while change is inevitable, many things seem to run in cycles.

Investments tend to be cyclical; they go up, they go down and sometimes they are flat. The only certainty is that their performance will change over time due to volatility created by the ever-changing economy. Due to the unpredictable nature of these factors, it is even more important for investors to create a well-balanced and suitably allocated investment portfolio. Studies show that asset allocation is the most significant component of investment performance in the long run. These portfolios have weathered ups and downs in the past, they are more likely to hold their own in the current market, and I believe they will perform well into the future; but of course, past performance is no guarantee of future results.

Generally speaking, with some exceptions, stocks and real estate have led the downturn during the current recession. This is true in our portfolio as well in some underperforming real estate assets and a steep decline in our investor accounts in the stock market. You are probably painfully aware of this fact if your IRA is fully invested in stocks and the majority of the balance of your net worth is in real estate, both of which have incurred large declines in value. However, if you have been investing according to our asset allocation recommendations for some time, it is likely your overall portfolio has not suffered the same losses as individuals who were 100% exposed to the stock market – although the performance of each investor's portfolio will vary.

The reason for this difference is that many of our clients have investment portfolios that are designed to generate income while focusing on asset preservation, as opposed to purely looking at asset growth. Many of the investments we specialize in are income oriented, but are NOT correlated to the performance of the stock market, such as Equipment Leasing, REITs, Note Programs and Managed Futures. While there are specific risks and drawbacks associated with these investments (lack of liquidity, for example), non-correlated investments have the potential to offset under-performing investments in stocks and some real estate products. We do not know how these investments will perform in 2009, but given the results we experienced in 2008, we think it's a strategy worth pursuing.

If the present truly is a prologue for an uncertain future, then lessons learned from the recent past highlight the importance of taking steps today to help create a well planned path for your financial future and consider diversifying your assets into a suitably allocated, non-correlated investment portfolio.

Bob Cannon

Natural Gas & Oil Investments

Investing For The Long Term: Why Consider An Investment In Oil & Gas Programs?

An investment in Oil & Gas provides an opportunity for investors to diversify their portfolio with an asset not directly correlated to their other portfolio holdings such as the stock market and real estate. As a commodity, Oil & Gas can also offer a hedge for inflation.

Despite the recent volatility in the price for Oil & Gas, the long-term prospects for energy demand are strong. The US Energy Information Administration has projected that there will be a strong demand for energy this year and projects that worldwide energy consumption will increase 44% from 2006 to 2030. US consumption is also expected to increase faster than the domestic supply during this time frame. With an increased demand and limited supply, there will be increased pressure on prices to increase as well.

Accredited Investors (individuals with a net worth over $1,000,000 or income over $200,000 per year over the previous 3 years) can participate directly in Oil & Gas production by purchasing a working interest in a Direct Participation Program (DPP). Oil & Gas DPP programs raise funds to explore for Oil/Gas (higher risk) or to recover Oil/Gas from existing production areas (lower risk).

Investors receive cash distributions when (and if) the wells begin to produce. If a well is successful, production typically ramps up in the first years of the project and declines over time. Production continues as long as it is economically feasible. An investment in an Oil & Gas DPP is a long-term, non-liquid investment. As stated earlier, exploration programs – where the sponsor is trying to find Oil & Gas is higher risk than recovery programs – which are designed to extract reserves from currently producing areas.

Sponsors may choose to continue to produce throughout the life of the well or may sell the well to another producer. In the case of a sale or exit, the proceeds from the sale are distributed to the investors.

Direct investment in domestic Oil & Gas programs have offered significant tax benefits, although tax proposals which have been submitted by the Obama administration may eliminate some or all of these in the 2011 tax year, should they be approved in their current form by Congress. At present, the Intangible Drilling Cost deduction allows a deduction of a portion of the investment amount against ordinary income. The income from the programs can utilize deductions for depletion and depreciation to reduce or shelter the taxes due on the cash received.

The rise in energy prices in the last year incentivized many people to invest in Oil & Gas programs. Although prices did decline significantly for a few months, energy prices are expected to continue to rise for the foreseeable future. If you are interested in a long-term investment with the potential for a long term-cash flow and potential tax benefits, you may want to consider purchasing a working interest in an Oil & Gas Direct Participation Program.

Oil and gas exploration and development is speculative, involves a high degree of risk and, as such, the results of this activity cannot be forecasted accurately. Although steps can be taken to mitigate risks, no assurance can be given that an investment will be recovered nor that any profit will be realized since no assurance can be given that production will be obtained in profitable quantities.

CLEARVIEW PERSPECTIVE

Inheriting an IRA

Be Sure You Know the Rules

The ClearView Perspective is a weekly email to provide you with valuable financial and investment education and other timely information. If are not receiving these emails and would like to be added to our list, please email KathyLindeke@cvwm.com.

What do you do when you inherit an IRA? Good question. Most people don't know the rules and regulations pertaining to inherited IRA assets. You should. You, not the IRS, should benefit the most in this circumstance.

Will my income taxes soar this year as a result? Not necessarily. If you roll the assets into an inherited IRA, you have up to five years to either a) withdraw

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the money entirely or b) withdraw the money over your lifetime according to an IRS life expectancy formula.[1] Many heirs would prefer b) because the tax scenario is better – but some IRA custodians require you to go by the five-year rule.[2]

What if you don't roll the money into an inherited IRA? What if you just take the balance as a lump sum and spend it? Look out. All that money will be taxed at your regular income tax rate.[3] After income and estate taxes eat away at the IRA balance, you may be left with a fraction of the original assets.

Let's look at some options for those who inherit IRA assets. Keep in mind: this brief article discusses only some basic, common scenarios. Tax laws pertaining to inherited IRA assets are complex, with constant "new wrinkles" – so be sure to talk to a financial advisor or tax advisor who is up to speed on IRS rule changes.

What if you inherit your spouse's IRA? The IRS says a surviving spouse can elect to be treated as the owner of such IRA assets rather than the beneficiary.[1] A surviving spouse can therefore roll this money into his or her own IRA. That makes a lot of sense, especially for younger spouses: distributions can be extended over your lifetime and the lifetime of your beneficiaries.

If you roll over your late spouse's IRA assets into your IRA, they may be able to compound for a long time, as you don't have to take a Required Minimum Distribution from your IRA until you reach age 70½. (If you have a Roth IRA, you don't have to take them at all.) On the other hand, you must take a distribution from an inherited IRA a year after your spouse's death.[4]

You also have other options. If you are younger than 59½ and need the IRA assets for living expenses, you could keep all or part of the money in your late spouse's IRA, whereby you could take penalty-free distributions. Or you could disclaim some or all of the IRA assets if you don't need them (this has to happen within nine months of the original IRA owner's death). Disclaiming them will allow the IRA assets to go to the contingent beneficiaries named by the original IRA owner. This might result in a better estate tax picture for your kids.[4]

You inherit an IRA from someone other than a spouse. Okay, this is complicated. Was the original IRA owner younger than age 70½ at death? Did he or she turn 70½ last year and die before April 1 this year? If the answer is yes to either question, you have two choices. 1) You can liquidate the inherited IRA by no later than December 31 of the fifth year after the year the original IRA owner dies. This is mandatory for some IRAs. 2) You can take minimum withdrawals over your life expectancy, calculated per IRS tables.[2]

Did the original IRA owner pass away on or after April 1 of the year after he or she turned 70½? Then forget the five-year rule. You must start taking minimum withdrawals over your life expectancy. Your first such withdrawal has to happen by Dec. 31 of the year after the year the original IRA owner dies.[2]

The no-RMDs-in-2009 wrinkle. No one has to take a Required Minimum Distribution from an IRA in 2009. What does that mean for inherited IRAs? If the IRA owner died in 2008, you don't have to take a distribution in 2009 and you get six years rather than five to withdraw inherited IRA assets if you would ordinarily go by the five-year rule.

But watch out: if you inherited an IRA from a non-spouse and the original IRA owner named multiple beneficiaries, you still have to split up the IRA into separate inherited IRAs by the end of 2009 to permit minimum withdrawals over heirs' life expectancies. If you don't, each beneficiary will have to take withdrawals based on the age of the oldest beneficiary, which could be a tremendous blow to tax deferral.[5]

You can't contribute to inherited IRAs. This applies to traditional and Roth IRAs.[6,7] However, as mentioned above, surviving spouses can elect to treat an inherited IRA as their own – in IRS eyes, they do so by making any contribution to it.[1]

A Roth IRA wrinkle. It is possible to pay taxes on an inherited Roth IRA. Roth IRA earnings can be withdrawn tax-free starting on the first day of the fifth taxable year after the year the Roth IRA was established. So if an inherited Roth IRA was established less than five years ago, an heir may have to pay tax on earnings withdrawals if the

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original owner's death and the withdrawal both occur within five years of the creation of the account. However, a beneficiary can circumvent this penalty by leaving the earnings in the Roth IRA for the required time period, even if he or she withdraws everything besides the earnings.[7]

These are the views of Peter Montoya Inc., not the named Representative nor Broker/Dealer, and should not be construed as investment advice.

Citations.

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INVESTMENT EDUCATION

An Investor's Best Friends

Meet Diversification, Patience And Consistency.

Any investor would do well to call on three friends during the course of his or her financial life: diversification, patience and consistency. Regardless of how the markets perform, they should be a part of your investment philosophy.

Diversification. The saying "don't put all your eggs in one basket" has real value when it comes to investing. In a bear market, certain asset classes may perform better than others. Ditto for a bull market. If your assets are mostly held in one kind of investment (say, mostly in mutual funds, or mostly in CDs or money market accounts), you could be hit hard by stock market losses, or alternately lose out on potential gains that other kinds of investments may be experiencing. So there is an opportunity cost as well as risk.

This is why asset allocation strategies are used in portfolio management. A financial advisor can ask you about your goals and tolerance for risk and assign percentages of your assets to different classes of investments. This diversification is designed to suit your preferred investment style and your objectives.

Patience. Impatient investors obsess on the day-to-day doings of the stock market. Have you ever heard of "stock picking" or "market timing"? How about "day trading"? These are all attempts to exploit short-term fluctuations in value. These investing methods might seem fun and exciting if you like to micromanage, but they will add stress and anxiety to your life, and they are a poor alternative to a long-range investment strategy built around your life goals.

Consistency. Most people invest a little at a time, within their budget, and with regularity. They invest $50 or $100 or more per month in their 401(k) and similar investments through payroll deduction or automatic withdrawal. In essence, they are investing on "autopilot" to help themselves build wealth for retirement and for long-range goals. Investing regularly (and earlier in life) helps you to take advantage of the power of compounding as well.

Are diversification, patience and consistency part of your investing approach? Make sure they are. If you don't have a long-range investment strategy, talk to a qualified financial advisor today.

These are the views of Peter Montoya, Inc., not the named Representative or Broker/Dealer, and should not be construed as investment advice. Neither the named Representative or Broker/Dealer give tax or legal advice.

Quarterly Economic Update for 1Q 2009

The quarter in brief. The first quarter of 2009 saw a new bear market low, but also an impressive March rally and a real sense of optimism as spring started. During the first 100 days of the Obama administration, we saw revisions to the bank rescue plan, efforts to heal the consumer credit market and ailing U.S. automakers, and new federal aid for AIG and Citigroup. The key interest rate was untouched; mortgage rates remained low. Overseas markets soared in March but struggled for the quarter, and the commodities sector improved a bit after two bad quarters.

Domestic economic health. January saw a new President, and a new optimism in the land … but it wasn't prevalent on Wall Street. Unemployment jumped 0.4% from December to 7.2%. Other December indicators were pretty depressing: consumer spending down 1%, personal incomes down 0.2%. Retail sales fell 2.7% in December, consumer prices fell 0.7%, and producer prices fell 1.9%. We also got word that fourth-quarter durable goods purchases had declined 22%. House Democrats worked to craft a massive stimulus plan for President Obama, and there was talk of creating an aggregator bank to buy up toxic securities. Rescue efforts were clearly getting underway, but they would take some time to have an impact.

In February, these plans were further implemented and articulated, as investors worried anew over the stability of major thrifts. The $787 billion stimulus package became law, including payroll tax cuts of $400 for individuals and $800 for couples. The White House also dedicated $75 billion to help homeowners without equity and homeowners who couldn't make mortgage payments (and another $200 billion to Fannie Mae and Freddie Mac to get the program started). The President proposed a federal budget designed to cut the $1+ trillion deficit to $533 billion by 2013, including a $634 billion health care reserve fund...and the restoration of the highest tax brackets back to 36.0% and 39.6% and the capital gains tax rate to 20.0% in 2011. Investors anticipated big news from Treasury Secretary Tim Geithner, but his proposed revision to the bank rescue plan presented few details and inspired little confidence. The federal government devoted another $30 billion to shoring up AIG in exchange for preferred stock shares, and rescued Citigroup in a deal that gave Uncle Sam 36% of the bank's common stock.

Things turned brighter in March, and the markets had an outstanding month. Treasury Secretary Geithner introduced the Public-Private Investment Program, in which pension funds, insurance firms and other long-term investors could buy up illiquid securities with a combination of private money and federal loans awarded through auctions. The Federal Reserve said it would buy up to $300 billion in Treasuries and $750 billion more in mortgage-linked bonds. CEOs of Bank of America, Citigroup and JPMorgan Chase informed the press that their thrifts were profitable in January and February. The Financial Accounting Standards Board talked seriously about relaxing the mark-to-market rule, another good sign for the banks. Indicators improved in the housing and manufacturing sector (see below) and the Conference Board and Reuters/University of Michigan consumer confidence indexes rose slightly.

The drama of the month: the future of General Motors and Chrysler. At month's end, President Obama gave GM 60 days and Chrysler 30 days to severely restructure or lose their chance for further federal money. Chrysler was given 30 days to partner with Fiat. Could GM and Chrysler avoid bankruptcy in the coming months? Americans hoped so.

Major indexes. It was a poor quarter, but we had a great March. Last month, the Dow gained 7.7%, the S&P 500 soared 8.5%, and the NASDAQ climbed 10.9%. That great month left investors hopeful about the second quarter and improved the 1Q numbers.

Global economic health. Let's look at the latest statistics from the European Union. Eurozone unemployment hit 8.5% in February, nearly hit a three-year high; in March, the Eurozone manufacturing sector contracted for the tenth month in a row. February factory orders in Germany, the EU's top economy, were down 49% year-over-year from 2008 levels – and that economy is heavily export-driven. Some analysts think EU unemployment could hit 11% by 2010. While some economists expected the European Central Bank to cut interest rates by half a percentage point at the start of April, the ECB chose only a quarter-point cut to 1.25% and delayed decisions on other tactics.

New data from Asia suggested major economies were a long way from recovery. In March, the Bank of Japan's monthly survey of business confidence hit its lowest level since the survey's inception in 1974. Exports fell each month of the quarter in South Korea, making it five straight months without a gain. A key purchasing manufacturers index in China was under 50 (showing contraction) for the eight month in a row. In March, the

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Asian Development Bank forecast only 3.4% growth in developing Asia for 2009, compared with 6.3% in 2008. The ADB's chief economist believes the recession may make Asian nations expand their economic bases and reduce dependence on exports.

World financial markets. A fine March didn't quite erase quarterly losses for most major indices. The MSCI World Index and MSCI Emerging Markets Index were respectively down 13.9% and 1.0% in the first quarter. Indeed, the emerging markets performed the best: the Shanghai Composite Index soared 30.3% in the quarter, Russia's RTSI gained 25.8%, and Venezuela's Caracas Stock Exchange gained 22.2%. The Nikkei 225 was down 8.5% even after gaining 7.1% in March. The Hang Seng lost 5.6% in 1Q 2009, while India's Sensex eked out a 0.6% quarterly gain. And how did major European indices fare? The FTSE 100 went down 11.5% for the quarter; the DAX and CAC 40 each fell 12.7%.

Commodities markets. It was a strong quarter for some metals. Copper led the charge, gaining 31% in the quarter; lead gained 27%, platinum 20%, and zinc 9.3%. Silver went north 15%, and gold gained 4.6%. On the other hand, nickel prices fell 16% in 1Q 2009, and aluminum prices fell 9.6%.24 Most crop futures had a tougher time in the quarter. Rice was down 19%, wheat down 13%, soybeans 2.1% and corn futures 0.6%. Oil futures gained roughly 11% for the quarter, closing March 31 at $49.66 a barrel – and gasoline futures gained 39% in 1Q 2009.

Housing & interest rates. As sales slowed, prices fell. As prices fell, buyers appeared. That, in a nutshell, could be the housing story of the first quarter. The Commerce Department said new home sales went up 4.7% in February after falling to a record low for January. The National Association of Realtors had pending home sales up 2.1% in February, after a 7.7% decline for January. The NAR also announced existing home sales were up 5.1% for February, making it the best month for residential resales since July 2003.

Interest rates fell further. Compare the numbers in Freddie Mac's last survey for March with the numbers in its last survey for December. In the last week of December, 30-year FRMs were averaging 5.10%; in late March, that average was 4.85%. 15-year FRMs averaged 4.83% in late December, and 4.58% in late March. 5-year ARMs fell from 5.57% in the last week of 2008 to 4.96% in late March; average interest rates on 1-year ARMs were flat over three months, staying at 4.85%.

Second quarter outlook. The mood seems to be brightening: at the top of April, the recession is entering its seventeenth month, making it long in the tooth by post-WWII standards. The stock market had a spectacular March, and April started with a bundle of good news. U.S. factory orders rose 1.8% for February – the first increase in 6 months. Durable goods orders rose 3.5% in February, orders for computers and electronic products rose 7.3%, and machinery orders jumped 12.7% (the largest increase since March 1994). The Financial Accounting Standards Board voted to relax the mark-to-market rule, which could have the effect of boosting the net income of banks by 20% or higher. Recent increases in home sales and decreasing mortgage rates bode well for the real estate sector. Even as unemployment figures presumably continue to rise, there is more and more evidence that the economy is pointed toward stabilization. Correspondingly, the second quarter of 2009 may be much sunnier for the investor.

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.

CLEARVIEW NEWS

Najat Cola

We regret to inform you that our long-term Marketing Director, Najat Cola, is no longer with ClearView. Najat joined the firm in March 2005 and was a valued and trusted employee through the time of her departure in April. Many of the initiatives under her purview have become standard operating procedure and will continue without interruption to our investors such as our website, www.cvwm.com, The Clarion, monthly conference calls for investors regarding our investment options and our weekly ClearView Perspective email. Her daily responsibilities have been reassigned within the firm. We invite you to call any of us at ClearView if we can help you in any way. We all will miss Najat and wish her the very best.

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