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

ClearView Wealth Management

The Clarion

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COVER STORY

Managed Money

Investing in the Stock Market

G. Drew Bowlds

I remember a conversation I had with a client at one of the first ClearView events I attended. At one point in the conversation the topic of stocks came up and the client looked surprised and responded, "You sell stocks at ClearView?" This was a reasonable question since the majority of what you hear from us relates to alternative investments, such as energy, debentures, managed futures, equipment leasing and the other offerings. The answer of course is yes, but we probably do so quite differently than the typical brokerage firm. So let me shed some light on how we utilize the market…or help our clients invest in stocks.

First, let me tell you what we don't do: There are no "Stock Jocks" at ClearView. I'm sure many of you have had an experience or two with a "Stock Jock," or traditional broker, which is probably a more accurate term. A traditional broker calls you and recommends you buy a particular stock based on earnings growth, projections or some other factor. This sometimes occurs because their firm has purchased a large parcel of this stock and intends to resell it to the clients of the firm for a small profit as quickly as they can. This practice of reselling stock held in inventory to a firm's clients is referred to as being a "Market Maker." It is important that you understand that this practice does not occur at ClearView or our Broker/Dealer, Pacific West Securities.

Like everything we do at ClearView, investing in the market is about balance. Balance with respect to investing is selecting the correct mix of assets, that when combined together, give the greatest potential for gain while mitigating risk. When we refer to the stock market this is called Diversification and Asset Allocation. Like building any investment, the first step is always finding out the client's goals and risk tolerance. "Risk" is actually not a catch-all term, as many might think. There are a wide variety of risks to consider, but for the purpose of this article, I'll refer to risk as the deviation in returns from one year to the next. An investor with a low risk tolerance will gravitate toward a portfolio which minimizes the losses experienced in the down years in exchange for giving up some of the upside potential in growth years. At the other end of the spectrum, a very risk tolerant investor will want to capture 100% (or more) of the upside gains of the S&P during years it had positive returns and tolerate losses equal to or slightly greater than the index to which the portfolio is compared in years of negative returns.

There is no one investment or even group of investments which will come out on top every year; therefore, a well-structured portfolio will contain a mix of multiple asset classes to permit exposure to a diverse mix of investments so there is a higher potential for overall success. The years 2008 and 2009 have been a rollercoaster ride if you stayed fully invested in the stock market. Whether you manage your own portfolio or have another firm do it for you, we would encourage you to contact us for a review of your stock portfolio. Over the years, we have selected a group of professional money managers whom we believe to be true experts in their field and whose historical results (although never a guarantee of future success) demonstrate the ways in which they have provided value to our clients.

ClearView operates under the solicitor model. Our broker-dealer, Pacific West Securities, has selling agreements with a number of third party money managers. Among that large group, we have hand-selected a small number of money managers we feel provide the best overall value to our clients. Our role in this process is to consult with you to determine your needs, goals and concerns, and position you with the money manager and portfolio that best meets your needs. We then review your account regularly and monitor the performance of your investments within the portfolio which the manager implements based on your investment policy statement. When properly utilized, a well-managed stock portfolio blends extremely well

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Client Corner

ClearView Wealth Management provides a broad array of financial services to individuals, families and businesses focusing on three key areas: Asset Allocation and Diversification in Non-Correlated Investments, 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 September, October & November as well as those that requested not to be listed.

Elizabeth Desimone

Kathy Lindeke

Dennis Royal

Richard Sherrill

Rimma Tikhonov

Calvin & Marge Wang

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
- Fixed Income
- Mutual Funds
- Annuities
- Cash Management Funds
- Life Insurance

The Recession May Have Bottomed Out

Lots of Changes on the Horizon

Bob Cannon, President/CEO

At a recent luncheon I attended, an economist said that 80% of economists in a poll believe the recession is over. Let's hope they are correct. There have been 15 recessions in the last 83 years, basically one every 5 to 7 years. This recession is different. This is the longest and deepest recession since the Great Depression. Many economists believe that if this had not been a world-wide recession, it would have been a depression in the U.S.

The good news is there are indications that a jobless recovery may be underway. Unemployment, a lagging indicator, continues to grow – although at a slower rate. The really good news is the GDP for the third quarter was up 3.5%, even better than projected by the White House. One quarter does not a trend make, so we will see what happens when the fourth quarter numbers are released early next year. If the fourth quarter GDP also shows a +3% increase and that is followed by an increase in employment in the second or third quarter 2010, then a recovery should be underway.

Since the Fall of 2008, the federal government has increased the money supply, loaned or given billions to failing companies in the biggest bailout of all time and instituted a number of unique stimulus programs such as "Cash for Clunkers." I personally believe that as a direct result of these actions, a period of inflation will follow the recovery. Now is the time for smart investors with cash to invest in hard assets such as real estate, energy and certain other commodities that have historically appreciated in times of inflation. As Henry Ford once said, "Investors should lease assets that depreciate and own assets that appreciate."

We can expect to see many more initiatives by the federal government in the months to come as they attempt to rebuild the economy. We may agree or disagree with the actions they take, but prudent investors should position themselves to take advantage of the opportunities that will be created.

It is apparent at this point that the government needs more revenue, so we can expect they will sell off more debt to foreign countries and raise our taxes. I anticipate the tax code will be revised to increase taxes, create new ones and the estate tax limit will be lowered. The current rate is 45% over $3.5M, and scheduled to go to 55% over $1M on January 1, 2011. As the federal estate tax limit is lowered, I believe more states will pass legislation to institute their own estate tax and/or inheritance tax. The states are in dire need of additional revenue as well. At this point 16 states (including Washington, D.C.) have an estate tax, six states have an inheritance tax and two states have both.

Astute investors must take steps through creative estate planning to protect their estates from excessive taxation. Many of our clients could lose up to 65% of their estate in excess of the taxable limits without proper planning. Now is the time to begin the planning process because there are indeed many changes on the horizon.

Bob Cannon

PRODUCT SPOTLIGHT

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

Investing In Growth Funds

Diversification and asset allocation within your investment portfolio is not just related to selecting a broad array of non-correlated investments like energy, debt instruments, managed futures, bonds, stocks, real estate, equipment leasing, etc. It is also imperative to mix your investments between **cash, growth, income and growth & income** products.

The idea is to keep **cash** on hand for emergencies, vacations, unanticipated expenditures and new investment opportunities. We invest in products designed to provide **growth** in the portfolio to grow our net worth and help ensure we do not spend down our retirement funds. Most of these products allow the dividend or earnings to be reinvested to supplement growth of the investment. **Income** products are designed to preserve the underlying asset while generating monthly or quarterly income to live on and pay for routine expenses. **Growth and income** investments are a combination of both, usually sacrificing a little of each in order to provide income and generate growth.

At ClearView, we provide a number of investment choices through our Broker/Dealer to help our clients diversify across all four of these options. Many of our clients are retired or intend to retire within a few years. Most of them tend to focus on income generating investments. It is critical, however, to remember that when you are retired and no longer working, it is imperative to keep your money working hard for you to ensure you never spend it down or run out of it.

Our growth funds include managed futures, separate accounts, our traded bond account, managed money and some of our real estate products. They are designed to provide significant upside potential with little or no income during the holding period. Due to the nature and design of these products, it is best not to take income from them and instead to take advantage of their dividend reinvestment (DRIP) option to boost the growth inside the investment. If at some point more income is desired, we recommend that an equal portion of each growth fund be re-allocated to the income funds enabling an increase in monthly or quarterly distributions to our clients.

Balance is one of the most important concepts in life. It applies to so many areas of our daily living, and especially to our investment portfolios. Maintaining balance in your investments through an even allocation of your assets into non-correlated products within **cash, growth, income and growth & income** investments will help you preserve your assets and potentially generate life-long income.

COVER STORY
(CONTINUED FROM PAGE 1)

with our mix of other non-correlated investment options.

In money management, as in most professions, there are some individuals who excel in their field. I once heard it explained in the documentary, “Wall Street Warriors” that in the modern market only 5% of those trading in the market truly lead a trend, 10% follow the former 5% and the remaining 85% just buy and sell hoping they get it right once in a while. The questions we ask when positioning a managed money portfolio always start with risk. What risk level are you comfortable with and how does that risk level relate to the returns one can reasonably expect over time? Next we select portfolios that match your risk tolerance and goals. At least annually we compare your performance to a benchmark market index to give you a solid measure of how your investments are being managed in exchange for the fee you are paying. In a well-managed portfolio, you should be able to beat your benchmark more often than not, net after all fees. This is an easy concept for most investors to understand but I find it interesting how few advisors actually go through this process with their clients.

At ClearView, we are financial educators, advisors and, as our name suggests, we work daily to give you a clearer view of your financial decisions as they relate to your needs, goals and dreams. If your experience with stocks has seemed more like a day at the races or has emulated a strategy of “buy and hope” while you buy and hold, we encourage you to contact us and take the time to learn how we are different (and we think better) than the masses when it comes to stocks.

Your Annual Financial To-Do List

Things You Can Do Before And For The New Year.

Presented by Bob Cannon

The end of the year is a good time to review your personal finances. What are your financial, business or life priorities for 2010? Try to specify the goals you want to accomplish. Think about the consistent investing, saving or budgeting methods you could use to realize them. Also, consider these year-end moves.

Think about adjusting or timing your income and tax deductions. If you earn a lot of money and have the option of postponing a portion of the taxable income you will make in 2009 until 2010, this decision can bring you some tax savings. You might also consider accelerating payment of deductible expenses if you are close to the line on itemized deductions – another way to potentially save some bucks.

Max out your IRA contribution at the start of 2010. If you can do it, do it early. The sooner you make your contribution, the more interest those assets will earn. For 2010, the contribution limits are unchanged for both traditional and Roth IRAs: $5,000 if you are age 49 and below, $6,000 if you are age 50 and above. Remember that you can still make an IRA contribution for the 2009 tax year through April 15, 2010.[1]

While we're talking about maxing things out, don't forget your 401(k), 403(b) or Thrift Savings Plan if you are still working. You can contribute up to $16,500 to these plans in 2010, with a $5,500 catch-up contribution also allowed if you are age 50 or older. [2]

Consider a Roth IRA conversion for 2010. Next year, anyone may convert a Roth IRA. The $100,000 modified adjusted gross income (MAGI) ceiling that often prevented that move will be gone - forever. The MAGI phase-out limits for <u>contributing</u> to Roth IRAs will be $167,000 for joint filers and $105,000 for single filers in 2010, but if your MAGI will exceed those limits, you may still contribute to a traditional IRA in 2010 and immediately roll it over to a Roth.[2,3]

More good news: if you do a Roth conversion during 2010, you can choose to divide the taxes on the conversion between your 2011 and 2012 federal returns. This nice opportunity won't be available if you make a Roth conversion in 2011.[3]

Another detail to remember: in 2009, withdrawals from a traditional IRA may be used to fund a Roth IRA. (This relates to the 2009 suspension of Required Minimum Distributions.) So even if you don't want to convert a traditional IRA to a Roth account, you may still fund a Roth IRA using a withdrawal from a traditional IRA through the end of this year (provided your 2009 MAGI is $100,000 or less).[4]

Be sure to consult a tax or financial advisor before you arrange a Roth conversion or make any IRA moves. You will want see how it may affect your overall financial picture. The tax consequences of a Roth conversion can get sticky if you own multiple traditional IRAs.

Should you take a distribution from your IRA this year? It's an interesting question. Barring an act of Congress, RMDs will be back for 2010. If you think taxes will be higher next year, you could opt to take a distribution before the end of this year to lower your IRA balance as of the end of 2009. As RMDs are based on an IRA's value as of Dec. 31 of the previous year, taking a distribution in 2009 will reduce a 2010 RMD.[5]

If you are age 70½ or older, you may want to make an IRA charitable rollover. It will lower your 2009 IRA balance and your 2010 RMD. The sun is setting on this tax break: the IRA charitable rollover option is currently set to expire at the end of 2009.[6]

You may wish to make a charitable gift before New Year's Day. If you make a charitable contribution this year, you can claim the deduction on your 2009 return.

You could make December the "13th month". Can you make a January mortgage payment in December, or make a lump sum payment on your mortgage balance? If you have a fixed-rate mortgage, a lump sum payment can reduce the home loan amount

(CONTINUED ON PAGE 5)

and the total interest paid on the loan by that much more. In a sense, paying down a debt is almost like getting a risk-free return.

Are you marrying next year, or do you know someone who is? The top of 2010 is a good time to review (and possibly change) beneficiaries to your 401(k) or 403(b) account, your IRA, your insurance policy and other assets. You may want to change beneficiaries in your will. It is also wise to take a look at your insurance coverage. If your last name is changing, you will need a new Social Security card. Lastly, assess your debts and the merits of your existing financial plans.

Are you returning from active duty? If so, go ahead and check the status of your credit, and the state of any tax and legal proceedings that might have been preempted by your orders. Review the status of your employee health insurance, and revoke any power of attorney you may have granted to another person.

Don't delay – get it done. Talk with a qualified financial or tax professional today, so you can focus on being healthy and wealthy in the New Year.

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Citations.

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CLEARVIEW NEWS

State Of The Industry Luncheon

A Clearview Wealth Management Client Event

On October 28th in Bellevue, WA, ClearView held an economic summit on the state of the investment industry. Over 50 clients attended this event, along with key note speaker Tony Pizelo, CEO of Pacific West Securities, CPA Mark Hutchinson, Estate Planning attorney Steve Waltar, and six representatives of investment firms with whom our clients invest.

Tony is a former Associate Professor of Economics at Gonzaga University and gave a very informative address on the current state of the economy and how Pacific West has managed to successfully deal with the current recession. Mark discussed recent changes to the tax laws and gave a number of tips to our clients on tax planning for the current tax year. Steve discussed estate planning issues affecting our high net worth clients and the steps he recommends to reduce federal and state estate taxes.

Each of the investment company representatives reviewed how their products have performed during the recession, what their companies are doing to prepare for the recovery, and how they are positioning their investments going forward.

The program was very well received by those in attendance. One of our main goals at ClearView is to ensure we continue to offer financial education programs to clients on an ongoing basis. We believe the best investment decisions are made based upon good information and thoughtful analysis. We will remain committed to providing our clients with the best, most current and relevant information we can offer. We hope to see you at one of our seminars or educational programs in the near future.

Quarterly Economic Update for 3Q 2009

The quarter in brief. The third quarter of 2009 was spectacular for stocks, and it may have included the end of what history will apparently remember as the Great Recession. The S&P 500 gained 14.98% in 3Q 2009 after a 15.22% gain in the second quarter. The Dow just had its best quarter since 4Q 1998. Federal rebates and credits help to stimulate home and auto sales. The data stream from the housing sector was mostly positive. President Obama's vision of health care reform met with great public and Congressional contention. Watching the nightly news, the average American may have assumed we were still in the midst of the recession; economists, however, saw increasing signals that it was done.

"We don't work for each other, we work with each other."

–Stanley C. Gault

Domestic economic health. As the quarter drew to a close, evidence hinted that the economy was growing. The Institute for Supply Management's September service-sector index came in at 50.9 for September – that's right, expansion. (It had contracted in every month since October 2008.) The ISM's manufacturing index was above 52 in both August and September, another growth signal. Consumer spending increased in August by 1.3% after a 0.3% gain in July (credit some of that to the federal government's C.A.R.S. program, which the Transportation Department estimated led to 690,114 new auto sales). In fact, retail sales jumped 2.7% in August (+1.1% excluding autos) after going -0.2% for July. As for inflation, the big news was negative news – in September, we learned consumer prices had dropped 1.5% from August 2008 to August 2009. (However, core CPI advanced 1.4% during that stretch.)

The Conference Board's index of leading economic indicators (signals that are supposed to hint at the state of the economy 6-9 months ahead) rose 0.6% in August, and that was the fifth straight monthly increase. The Federal Reserve's September Beige Book found that 11 of 12 Fed banks reported regional economies stabilizing or growing. The Fed held interest rates steady during the quarter, as expected. The jobless rate was 9.4% in July, 9.7% in August, and 9.8% in September.

Major indexes. Don't you wish stocks behaved like this in every quarter? The Dow and S&P 500 posted coincidental 14.98% quarterly gains and the NASDAQ beat them both. The DJIA, S&P 500, NASDAQ and Russell 2000 all gained for the second consecutive quarter, and that hadn't happened in two years.

(Source: CNBC.com, ustreas.gov, 9/30/09)[1,2,11]

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.

% Change	3Q 2009	2Q 2009	Y-T-D
DJIA	+14.98	+11.01	+10.66
NASDAQ	+15.66	+20.05	+34.58
S&P 500	+14.98	+15.22	+17.03
10 Yr TIPS Yd	-12.36	+24.48	-31.89

Global economic health. In the Eurozone, the benchmark PMI was climbing, heading north to 48. in August and 49.3 in September – edging toward expansion after 16 months of contraction. Industrial output increased for the second consecutive month in September, as business inventories decreased for the second month. The EU administered a stress test to 22 major banks; all got the all clear. The EU jobless rate was 9.6% in August, .1% below the U.S. rate.

The International Monetary Fund upped its growth forecast for China and India during the quarter, predicting 2009 growth of 7.5% and 5.4% for those economies. It also raised its 2010 forecast for those nations, foreseeing growth of 9.0% in China and 6.4% for India. Data showed that the economies of Singapore and China respectively grew 20.7% and 7.9% in 2Q 2009. The economies of Brazil and Japan had started growing again – GDP was +0.6%

for 2Q 2009 in Japan, and it was +1.9% for 2Q 2009 in Brazil.

World financial markets. Look at these gains. Germany's DAX gained 18.02% in 2Q 2009, its second straight 18% quarterly rise. The DJ Stoxx 600 rose 17.80% in the quarter. The FTSE 100 advanced 20.82%. France's CAC 40 soared 20.86%.

Japan's Nikkei 225 managed the smallest gain among major indexes, affected by uncertainty linked to that nation's elections; the Nikkei gained just 1.8% in the quarter. There was one index that posted a notable 3Q loss – the Shanghai Composite, which fell 6.1%. Why? Lending slowed down this summer in China. Among emerging markets, Russia's RTS was up 27%, and Brazil's Bovespa up 20%. Turkey's ISE soared 30% and the Sensex gained 18% in India.

In 3Q 2009, the MSCI World Index rose by 17%. The MSCI Emerging Markets Index climbed 8.9% for September and 20% for the quarter.

Commodities markets. Oil prices - which had risen more than 40% during the second quarter – only increased by 1.03% in 3Q 2009. They settled at $70.61 per barrel at quarter's end. Natural gas futures gained 62.61% in September alone, resulting in a 26.23% quarterly gain.

Gold, copper and silver all had another strong quarter. Gold was up +8.73% across 3Q 2009, settling at $1,008.00 per ounce at the quarter's close. Prices rose $80.90 for the quarter; they rose $56.30 during September and $14.90 on September 30. Copper futures gained 24% in the quarter. Silver prices rose 22%, the best quarter for that precious metal since 1Q 2006. As for the dollar, it suffered, sliding 4.14% versus the euro and 6.80% versus the yen in 3Q 2009.

In crops, the most notable news concerned sugar prices, which gained 43% in 3Q 2009 as a consequence of diminishing output in Brazil and India. The Dow Jones-UBS Commodity Index pulled off a 4% gain last quarter, which put it up 9% for 2009.

Housing & interest rates. What were the home sales numbers in this quarter? Existing home sales increased for the fourth straight month in July (a fantastic +7.2%) but then fell 2.7% in August. (About 30% of the purchases in July were made by first-time buyers, leaving some analysts to wonder what would happen in fall when the federal first-time homebuyer credit expired.) New home sales rose by an underwhelming 0.7% in August after a revised 6.5% jump north in July.However, pending home sales were up all quarter – in fact, when the August data (+6.4%) came out, they had increased for seven straight months to a level unseen since March 2007. Residential construction spending rose 0.8% for August to its highest level since August 1993.

Mortgage rates went even lower. The September 24 Freddie Mac nationwide survey had the average interest rate on a 30-year FRM at 5.04% (and rates would subsequently fall below 5% in early October). Compare that to 5.42% on June 25. The downward trend was evident for other home loan types: in the same time frame, average rates on 1-year ARMs decreased from 4.93% to 4.52%. Averages on 5-year ARMs fell from 4.99% to 4.51%. Rates on 15-year FRMs were averaging 4.87% on June 25, and just 4.46% on September 24.

Fourth quarter outlook. At the end of the second quarter, a key question was whether the consumer and the business owner would start spending again and back up the rally on Wall Street. At the end of the third quarter, that question still lingers. Some analysts see a shallow U-shaped recovery ahead, others see a W. Ten percent of the country is unemployed, and then you have the underemployed; foreclosure rates have stabilized but are still high. However, the indicators of oncoming growth or at least stability seem to outnumber the negatives lately. While another amazing quarter for stocks might be too much to hope for, we have seen the market do amazing things in its recent history – so let's hope that the quarter ahead will prove nicely positive and add to Wall Street's huge 2009 rebound.

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SPECIAL ANNOUNCEMENTS

Happy Holidays!

We wish all of our friends, valued clients and business partners a joyful holiday season and a healthy, prosperous New Year!

Holiday Office Hours

ClearView Wealth Management will be closed December 24th and December 25th. We will also be closing at noon on January 31st and will be closed all day on January 1st.

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.*