



Advice for Life's Changing Seasons

NH Autumn – Karen Lynch

The Fed does the “Twist”, while continued volatility and Eurozone drama drives investors to the sidelines

Investors in U.S. stock mutual funds continued to withdraw assets in the third quarter. Following up their \$21 billion of withdrawals in the second quarter, an additional \$71 billion was withdrawn this past quarter, according to the Investment Company Institute. What was keeping investors up at night? Possibly it was a procedural matter such as an increase in the debt ceiling turning into a huge political battle, or Standard & Poor downgrading the U.S. debt. The stock market (as measured by the Dow Jones Industrial Average) moved more than 1% on 29 separate days in August and September, and more than 2% on 15 days. With an economy that seems to be stuck in neutral and a Greek tragedy that never ends, investors continue to lose faith in the equity markets.

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“The Stampede into Debt Continues” - Wall Street Journal, 10/3/2011

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September is historically a bad month for stocks. The Standard & Poor 500 Index* lost about 7% in September and finished the quarter down about 14%. According to the Lipper data** published in the WALL STREET JOURNAL, stocks in all major sectors and market cap sizes posted losses for the quarter. Large company stock funds lost about 15%, while small and midcap stock funds lost 20% to 22%, wiping out year to date gains. Funds concentrating in Latin America lost an average of 25%. The Fed’s decision to lengthen the maturities of their Treasury bond holdings

(the Twist) had a positive impact. The Lipper Intermediate Government Bond Index was up 4.5% for the quarter.

Is there any good news? Sure, but is anyone listening? Large U.S. corporations are making money, holding about \$2 trillion in cash on their balance sheets, and some are buying back their own stock. The economy is moving forward, but ever so slowly at 1.5% to 2.0% annually right now. Energy prices are down and disposable personal income is up slightly. Retail sales for September were up 1.1%, against expectations of 0.8%. Exports have been increasing for 8 straight quarters, and interest rates remain at all time lows. November and December are historically good months for stocks, and 2011 should not be an exception based upon these slowly improving fundamentals. I expect the volatility to continue, but if you have five or more years until your expected retirement date, don’t abandon your appropriate asset allocation.

What do the following towns have in common?

Dover, NH

Acton, MA

Harrison, NY

Hanover, NH

Chelmsford, MA

Mamaroneck, NY

Merrimack, NH

Milton, MA

Nanuet, NY

They have all been named to the list of MONEY MAGAZINE's 100 Best Places to Live in America (September, 2011 Issue). Congratulations!

Have you decided on all of your celebrations for **National Save for Retirement Week** (Oct 16th – 22nd) yet? I would like to recommend one more: Sliding the Blue Triangle! While admittedly not as much fun as catching beads at Mardi Gras, visit my web site, and click on "Resources" on the left. Drop down to Problem Solvers, and select the 401(k) Savings Calculator. Slide the blue triangle to learn how much to increase your savings to pay for that trip to Mardi Gras every year. Retirement is only boring if you didn't save enough to pay for the fun. 25 years ago, "Platoon" won the Oscar for best picture, and "Top Gun" was the highest grossing film. The Cosby Show, Family Ties and Cheers were the most popular TV shows, and "Walk This Way" by Aerosmith and Run DMC was the number one song. The most popular computer, the Apple Mac Plus with its 1 MB of RAM, was selling for \$2,600.00. If you remember these clearly and are thinking "Wow it's been that long?", but are not sure what you had for breakfast today, you are most likely a "baby boomer", and at least half way to your retirement date. My point is the years can go by quickly if you never lift your head from today's minor emergencies to see if you are still on the right track. Take a few minutes to slide the blue triangle. If you are not sure how to get back on track; I'm here to help.

Dennis P. Lynch

The views and opinions expressed are those of Dennis Lynch as of 10/14/2011 and are subject to change based upon market conditions. Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk. Past performance is not a guarantee of future results.

*The S&P 500 Index is a price weighted index of 500 actively traded stocks. Investments cannot be made directly into an index.

**Lipper, a division of Thompson Reuters, manages a mutual fund performance tracking and rating system. Lipper Indexes allow an investor to compare a particular mutual fund to other funds utilizing a similar investment style. A Lipper index is composed of the 30 largest funds of a given investment style. For more information about Lipper's methodology, visit their web site at

www.lipperweb.com/research/IndexComponents.aspx.