

PLANNING | RESOURCES

Your Wealth Management Team



Dear Valued Client,

The S&P 500 ended 2008 with a total return of -37%, while long-term Treasury bonds soared on fears of credit defaults and deflation. The yield on the benchmark 30-year Treasury dipped below 2.5% a couple weeks ago, with 10-year Treasury yields plunging to about 2%. In our view, stock prices are now moderately undervalued and are priced to deliver reasonably good returns over the coming decade (regardless of shorter-term prospects). Treasury bond prices are currently buoyed by such a "flight to safety" to the extent that we have shorted the 20 year bond in the managed accounts. We are "short" because we doubt that long-term investors have any real intent of accepting a 2% yield over the next 30 years.

In 2009, you can bet that things are going to be very different on Wall Street. I'm not just talking about more regulation either. Too many individual and institutional investors were burned by greedy strategies. I've been a professional investor for almost 20 years and I've seen these schemes come and go ... but I still find myself amazed that otherwise very smart people continue to fall victim. A very good example is the Madoff Ponzi Scheme. Sadly, at least to a certain extent, this is an example of people falling victim to their own greed and vanity. Anytime someone tells you that they can "guarantee" a rate of return that seems "too good to be true" ...it usually is.

It is understandable that when clients hear these stories they become concerned about their own accounts. With this in mind, I thought it would be timely to review how your assets are held and protected here at Planning Resources.

Unlike Madoff, Planning Resources does not act as Investment Advisor, Custodian and Broker Dealer to our clients.

Planning Resources acts solely as your Investment Advisor Representative. Which, for one thing means we do not keep any of your money here. We have hired your primary custodian (on your behalf) who has \$659 billion in custody assets and 5.6 million accounts from firms like ours (as of June 30, 2008).

You may have noticed on statements and/or other correspondence the name Financial Services International Corporation or *fsic*. *fsic* is our Broker Dealer (*fsic* also acts as a Registered Investment Advisor). The primary role of *fsic* is to facilitate our access to the capital markets and to provide other services such as compliance oversight. What this means to you is that *fsic* is another set of eyes looking at everything we do to make certain that we are following all the regulations, rules and guidelines. Because *fsic* can be fined and/or censored by the various regulatory agencies (for our behavior as well as their own) they have a vested interest in making sure everyone follows the rules.

Finally, we do not make outlandish claims. Our goal as a firm is to help you to identify and achieve your financial goals. As professional money managers, all of our portfolios stated objectives are to outperform their respective benchmarks with less risk over time.

Always remember, the higher return (estimated, promised or actually realized) the higher the risk. Low risk means low returns. If you remember this rule, at least you will not be conned.

As always, we appreciate your confidence and trust and would look forward to answering any of your questions.

Thank you.

Michael K. Chrysler is a managing partner at Planning Resources Corp., with accounts held at Raymond James & Associates, Inc., member New York Stock Exchange/SIPC and Fidelity Investments, Member NYSE, SIPC. All expressions of opinion reflect the judgment solely of Michael K. Chrysler as of this date. Information herein has been obtained from sources considered reliable, but not guaranteed to be accurate or complete. Planning Resources, its affiliates, officers, or directors may in the normal course of business have a position in any securities mentioned in this report.

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