

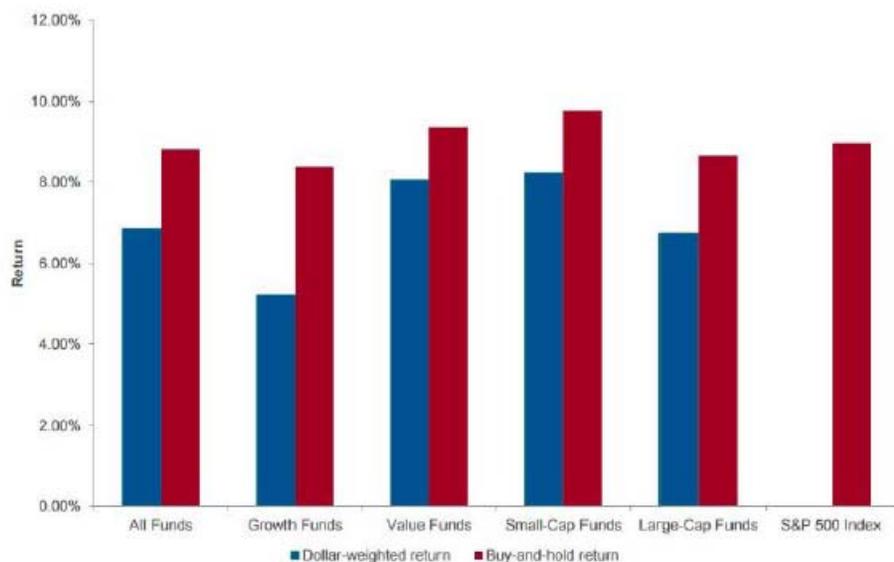


Stay the Course. The markets have remained volatile with stock indices turning in their worst quarter in four years... While year-to-date gains have largely evaporated, we'd like to remind you that these are "paper losses" until positions are sold and proceeds are no longer working on your behalf. We commend our clients for continuing to stay the course which will allow your assets to regain lost ground.

The Dangers of Market Timing

Why do we asset allocate? Numerous studies stress that the single most important investment decision is the asset allocation of the portfolio – not security selection or market timing. Asset allocation is the process of allocating percentages of a portfolio in various asset classes. It is *not* market timing and is more than just diversification. Harry Markowitz won the Nobel Prize in Economics in 1990 for creating the sophisticated mathematical formula to determine the best combination of assets in a portfolio (dubbed the "efficient frontier"). His investment strategy demonstrated that the overall risk factor of a portfolio should be lower due to diversification among the applicable asset classes. Thus, if we "lose less" during a market downturn due to our asset allocation strategy, we increase the potential for long term appreciation.

As shown by the below graph, new research which will be published next quarter shows that market timing (buying or selling on impulse versus staying the course) can erode investment earnings, by as much as 2% per year, that are otherwise generated by a well managed mutual fund. Per this study, this occurs across the asset classes.



Source: Jason Hsu, Brett Myers, Ryan Whitby "Timing Poorly: A Guide to Generating Poor Returns While Investing in Successful Strategies," *Journal of Portfolio Management*, (forthcoming Winter 2016).

Sept 30, 2015 Benchmark Returns

2015	3 rd Quarter
Large-Cap US Indices	
Dow Jones Industrial	-6.98%
Standard & Poor's 500	-6.94%
NASDAQ Composite	-7.35%
Russell 1000 Growth	-5.29%
Russell 1000 Value	-8.39%
Small-Cap Indices	
Russell 2000 Growth	-13.06%
Russell 2000 Value	-10.73%
Large Cap International Indices	
MSCI EAFE (Local Currency)	-9.50%
MSCI EAFE (US Currency)	-10.23%
Fixed Income Indices	
Barclay's US Aggregate Bond	1.23%
Citigroup World Govt. Bond	1.71%
Real Estate Indices	
Dow Jones US Select REIT	3.09%

** Index performance is provided as a benchmark only. The performance of your individual portfolio will vary from that of any one index. Past performance of an index is never a guarantee of future results.*

So timing the market is almost a guarantee of missing top returns. Unless you have a time machine and can accurately predict future market movement, market timing usually results in either selling a position that has already lost ground or buying the next hot stock that has already gone up in value. Being "in the market" (an asset allocated 'buy and hold' strategy for an appropriate time horizon) versus trying to "time the market" improves the probability of success.

As we continue to experience these volatile markets, we will remain vigilant in monitoring client portfolios and advising if we believe action is prudent. That said, please let us know if your cash reserve needs change.

Financial Planning Tips – When was your Financial Plan last updated?

If you are not currently a comprehensive financial planning client, when was your Financial Plan last updated? Do you even have a Financial Plan? Are you concerned about your long term cash flow needs? Are you concerned about your estate plan and whether it meets your objectives as well as current tax law? Has your insurance been reviewed lately? If any of these topics concern you, please let us know.

Enclosed Investment Reports

3rd Quarter 2015 Reporting:

- *Aggregate Overview; Current Value, Asset Allocation and Performance; summarized by Portfolio and Combined Portfolios, as applicable*
- *Holdings Analysis by Account; summarized by Asset, Account and Asset Allocation*
- *Statement of Fees for the 4th Quarter 2015 (based on 09/30/15 values)*
- *Disclosure Statement*

Please remember that this investment reporting is for informational purposes only and you should also refer to the investment statements you receive from your brokerage custodian.

As always, we appreciate your continued confidence and trust. Should you have any questions or concerns, please contact us.

Best regards,



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