

January 6, 2010

Dear friends,

Greetings and Happy New Year! Make no bones about it, these last two plus years have been interesting financial times indeed. Throughout this tense, challenging, and even ebullient period, one idea that has been constantly reinforced in me is the notion that first and foremost I am a people and behavioral manager and secondarily am I a money manager. This being said let me try and merge and better articulate these two responsibilities as we continue our long journey down the road of responsible and fruitful investing.

If we recognize that from October of 2007's market high to March of 2009's low, the overall U.S. stock market dropped a little bit over 50% (foreign markets performed similarly), and off of this low, through the end of calendar year 2009 surged by a little over 60%, we now acutely understand, experientially and not just conceptually, that even super broadly globally diversified portfolios are subject to sometimes extreme volatility. And this leads me to the point of this year end message.

I commend all of you, without exception, for having the strength and conviction to stick with your investment mixes during the enormously turbulent and troubling financial times of late 2008 and early 2009. I know it wasn't easy but it was necessary. This strength and patience has paid off mightily post March 9, 2009 and you can clearly see it by comparing your 1Q 2009 and 4Q 2009 investment reports.

But my most important message is not about looking back and analyzing what has happened in the past but rather about looking forward and to the future. I know it's initially a bit disconcerting to many, and especially new or prospective clients, when I say I have no idea where financial markets are headed in the near term but we all know what George Washington legendarily told his father after chopping down the cherry tree. Thankfully, as you know, such unrealistic prescience and omniscience is not at all required to be successful investors. If we thoughtfully and responsibly inject **and maintain** a reasonable amount of prudent diversified risk in our portfolios, (i.e. mainly low-cost globally diversified stock funds) we have every logical and rational right to expect and count on long-term reward. Is this guaranteed? Of course not, just death and taxes, as the old saying goes, are guaranteed but the odds are enormously in our favor if we keep true to this approach. It's like asking if the Yankees are "guaranteed" to win the World Series every year. Definitely not but I'd bet on the Yankees rather than the Pirates or Royals any day. (Please note this analogy is coming from my head and wallet and not my heart as I am a lifelong devoted and passionate Red Sox fan. ☺)

Markets may continue to ascend from here for quite a while or they may take a temporary step backward starting today. Who knows? But I again assert to you that no matter what direction stock values go over the short-term, we must derive great strength and confidence from the fact that we are **always** investing in a responsible, cerebral, and eminently reasonable fashion. I know it's almost laughable when the balance of your life savings is gyrating wildly and seemingly randomly to call the process of investing boring, but do your best to think this way as you will be much better off in the long run avoiding the natural gut impulses, to which most all

of us are hard-wired and predisposed, to buy and sell based on the sinister and often destructive emotional forces of fear and greed.

The bottom line is that should markets somewhat retreat from this short-term 60% run-up we are currently experiencing, I won't be shocked. No, the sky won't be falling and the world won't be coming to another end in spite of what much of the media will assuredly tell us. As I discussed last quarter, no matter how glorified or skillfully marketed the system or strategy might be, market timing doesn't ever reliably or consistently work. Let's face it, who knew that October 9, 2007 was just the right day to get out of the market and March 10, 2009 just the right time to get back in? Nobody. In fact, if you look at many of the newspaper headlines and magazine articles from these time periods, the messages and forecasts, now given the benefit of hindsight, are exactly opposite to what actually transpired. The best approach is to do what we do and spend the necessary time figuring out in advance our optimal portfolio makeup given our distinct and unique circumstances and then maintain this mix through thick and thin. And don't forget to click it or ticket ... it's the law of the road and of investing ;). Enough said.

Lastly, please bear in mind that we and all savvy investors are well served to know and understand that the market has no memory. The Dow doesn't "remember" that it was once around 14,400 anymore than it remembers that it plummeted to 6,500 in the next year and a half. It has no timetable as to when it will return to or surpass certain "milestone" levels on a macro or micro level. My message will remain the same during rewarding as well as challenging times. And similarly your obligation should remain to let me assist if and whenever your confidence wanes during the next market downturn. Together we will forge ahead to achieve our financial objectives. I hope you all have a healthy, happy, peaceful, and prosperous 2010.

All the best,



PS As promised, Fox Financial videos are now available on the website (and for technophiles on Facebook and You Tube). Just two for now but I hope to create a library of approximately 15 to 20 over the next couple of years. The fundamental and timeless messages won't change but from time-to-time the medium of delivery might. Thanks again. AF

****This quarter's packet may include extra reports helpful for 2009 tax preparation****

Please note: If you would like to receive a copy of our current Form ADV Part II, we will be pleased to provide a copy upon receipt of your written request.