

KWAG 2nd Quarter E-mail Update

Good afternoon. We hope this monthly update finds everyone in a patriotic mood and enjoying this blazing hot summer. I have to admit, I love Independence Day. It is, by far, my favorite day of the year. Of course, it's also my Mother's birthday...so you can see why I'm so partial to this big day!! This year, while everyone was out celebrating our country's birthday, we spent the weekend banging out our most recent newsletter. The simple truth is, we're actually quite excited about our long term future and we love to educate. So, while many of the media headlines will have you believe we're headed for a double-dip recession, we'd like you know that everything is just fine.

The Economy

Overall, we believe there's little doubt that an economic recovery is underway. What is debatable is the strength and sustainability of the expansion. In our upcoming newsletter, we will examine where we stand regarding the health of the overall economy and the financial markets. In general, we remain optimistic, but recognize there are some headwinds in front us. The good news is, once the economy is turned in the appropriate direction, it starts to take a life of its own...regardless of what happens in Washington. Don't forget, our economy is larger than the 2nd, 3rd and 4th largest economies...combined! In other words, the size and scope of our economy is hard to slow down once it gets started.

The Markets

After a significant run-up in prices over the last year, the markets took predictable pause. Of course, we've been discussing the possibilities of this since last January, so this is by no means new news. At this point, given the level of pessimism that exists out there, we feel the market is undervalued. Don't forget, the market "prices in" all known information. So, current prices reflect the current pessimism. By any number of measures, the market is on sale. People always try to look for the perfect time to buy. Well the perfect time to buy is when everyone wants to sell and as long term investors, this is exactly when you buy. That said, we will provide our thoughts on past, present and future market returns in the upcoming newsletter.

An In-depth Interview

The feedback regarding our interviews at the end of our recent newsletters has been so positive that we've decided to expand on the theme by adding Dr. Scott Below to the mix this quarter. The questions and answers this quarter cover a wide range of topics from the economic recovery to the major provisions of the financial overhaul bill. Enjoy the interview and feel free to follow up with additional questions to Dr's. Scott, Joe & Brownie.

The Actual Newsletter & Statement Process

The actual newsletter will go out later on the week of the 19th. Many people wonder why it takes three weeks after the quarter end to complete. So we thought it would be good to give a little insight on the process as to what goes on "Behind the Scenes."

Each part of this process is tedious. Writing, editing, rewriting and getting outside feedback usually takes about a week or more. Remember, you can't predict the future, so you have to actually wait until the quarter is actually over to write much of the newsletter. Then we have to enter the text of the newsletter into the appropriate format, which is extremely tedious and time consuming. Of course, we re-edit the newsletter again and then print the first copy without the final numbers. (It's amazing that we still have silly little errors, but even major publications have errors, so we try not to stress about it). Next we print out every single client report. In general, the reports are similar, but some clients have special needs. So, we examine every single report to make sure the data is accurate and correct. This is time consuming as well...but worth it to us. Finally, after two weeks, the industry provides all of the final money manager numbers. However, we like to double check these numbers as well. Once we feel comfortable that everything is correct, we print out all of the newsletters and then stuff them, along with the client statements into the envelopes. Of course, we're also trying to run five offices...so you can imagine stuff comes up. Truthfully, we take the statements and our newsletter very seriously, so we'd rather send it out correctly the first time...versus haphazardly a week earlier.

Please stay in touch

As usual, if you have any questions about this update, our newsletter, your accounts or our managers, please feel free to call or e-mail us anytime. Enjoy the

summer...and thank you for your continued confidence in our firm. The recent referrals are much appreciated and as you know, we remain 100% committed towards your financial well being at all times. As we go forward, we remain committed to continuing to refine and improve our proactive strategies and portfolios. As always, our goal is to provide each of our clients with the best possible mix of assets given their particular situation. If you need anything or your goals or time horizons have changed, please do not hesitate to call or drop an e-mail to set up an appointment. We are here to serve your financial needs, whatever they may be.

-Joe and The Gang at KWAG