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*Providing Fee-Only Financial Advisory Services
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Dear (Client):

The stock market (as represented by the Dow Jones Industrial Average) reached a low of 6,626.94 on March 6th, 2009. By April 29th of this year it had climbed back to 12,810.54, a gain of +93.3%. As of yesterday, August 3rd, the market closed at 11,896.44, or down -7.1% from April. While there seems to be no shortage of doom and gloom predictions these days, the reality marketwise is far less exciting, a -7.1% decline (or more), especially after a +93.3% gain, is not only *not* out of the ordinary, it is expected.

The stock market has declined on average by -10% or more once a year, -15% or more once every two years, -20% or more once every three and a half years, and -50% or more once in a lifetime. The pattern is often referred to as *The Wall Street Waltz* - three steps forward, one step back. While it would be nice if we could forecast the fluctuation with profitable regularity, the reality is that such predicting is not only impossible but usually far less lucrative than just staying invested. After all, the odds of the market going *up* in any given year are over +70%, powerful odds to be betting against by being out of the market.

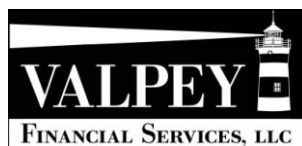
So what of doom and gloom: double dip recessions, deficits, political strife, investment bubbles, consumer discontent, a devalued dollar, treasury default, Greece going out of business... Time and time again what befalls the market is the unexpected, the unknown that we cannot predict. History is full of doom and gloom market destroying scenarios that never materialized: the 9/11 fallout, Y2K, bank failures, the Cold War, Watergate, Vietnam, the Cuban Missile crises, the Korean War... All promised market calamities that never materialized.

Yes we are coming off the worst market downturn in seventy years and that has many of us on edge, but we also now have a global economy of unprecedented opportunity that is only in its infancy. The future for the world economy is, potentially, staggeringly unlimited. Every year millions around the world are being lifted from poverty to prosperity. Conventional war is increasingly becoming unprofitable and far less appealing. Closer to home, the US has shown an unprecedented tenacity to overcome, to innovate, to succeed, and is already doing so in the new world economy. In China, two million Chinese eat at KFC every day, KFC can't build new restaurants fast enough. Much of the world is using American innovated iPhones, iPads and iPods. Forty percent of US S&P 500 companies' revenue comes from overseas.

To make a long winded letter short and bring the message back to where it belongs, you; your portfolio is invested the way it is for *you*, for come what may, good and bad. Your portfolio is rebalanced to lock in profits from good times, to protect against bad times, and to create profits from market dips – market volatility can actually benefit your portfolio. Market corrections are par for the course, the world isn't going to end tomorrow, the US isn't going bankrupt and the new world economy is a great thing, still finicky like any new baby, but still a great opportunity for investors.

Sincerely,

Ron Valpey, CFP[®], AIF[®]



Fee-Only means unbiased advice without conflicts of interest, working for you and only you, in your best interest.

Ronald L. Valpey is an Investment Advisor of Valpey Financial Services, LLC - a Federally Registered Investment Advisor.