

T H E A D V I S O R



Bill



Mark



Joe

THE ADVISORS GROUP

HELPING YOU PLAN FOR WHAT YOU VALUE MOST

A Registered Investment Advisor
Securities offered through LPL Financial
Member FINRA/SIPC

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YTD Performance 9/30/2009



Dow Jones Inds. +13.49

NASDAQ +34.58

S&P 500 +19.26

Russell 2000 +22.43



Fixed Income Indices

Barclays Aggregate +5.72

Barclays Govt Long -7.49

Int'l Stock Indices

MSCI EAFE +29.58

MSCI Emerg. Mkts. +64.88

What's An Investor To Do?

The market environment has clearly improved since the beginning of the year, but a great deal of uncertainty and risk remain. Opportunities do exist for the prudent investor, and as always, we encourage investors to focus on their long-term objective as we help you find tactical investment strategies that work within the context of your longer-term plans. Some of these strategies may include:

Slowly move into higher-risk assets: Over the long-term, we expect stocks and other higher-risk asset classes to outperform cash and Treasuries, which isn't saying much. However, volatility levels will likely remain high. In this environment, one investment strategy often practiced is Dollar Cost Averaging. This is simply the technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price.

Over-weight better-positioned sectors: From a sector perspective, market strength is favoring cyclical energy, healthcare, and technology. Looking for investments that focus on these areas will be our goal moving forward.

Geography does matter: Among developed markets, we continue to favor an over-weight position in US stocks, where reflation policy has been the most aggressive. Additionally, we continue to believe that a long-term case for investments in emerging markets remains intact. Those with better balance sheets and less debt will likely do better than others less favorably positioned.

Stay focused on your long-term plan: It seems like simple advice, but in the midst of a difficult investing environment with market noise rising to levels that tend to drown out common sense, we encourage investors to remain focused on the long term, ride out any potential storms, and above all, stay well diversified.

Tax Loss Harvesting

You can still take steps to cut your 2009 income tax bill before December 31st. Now is the time of year to think about selling investments in which you have losses. You can use the resulting capital losses to shelter capital gains to the extent you have realized gains in 2009. Once you've offset all of your capital gains, you can deduct any remaining capital losses against up to \$3,000 of ordinary income from salary, interest, or retirement plan distributions. After that, if you haven't used up all of your losses, they can be carried forward each year until they are used up.

The impact of harvesting losses between now and year end depends on your specific circumstances. Let us suggest, therefore, that we review together (along with your tax advisor) your capital gains and losses to figure out where you could potentially benefit the most from this tax strategy. Please remember, tax loss harvesting doesn't work in IRA's or other retirement plans because of their tax-deferred status.

Risk Profile Test Update

It has been over a year now since the global unwinding of our financial system and the ensuing recession has begun to change the landscape of Wall Street. In January, a new administration took office that began bringing change to the landscape of Main Street. With all of these changes, we have seen 35% of retirees reduce their investment risk tolerance, 60% have maintained the same risk tolerance, and only 5% of retirees are more aggressive¹. We believe now is a good time to reassess your level of risk tolerance. Recently, we purchased

new software with the most up-to-date technology and research available to measure risk tolerance. We want to thank everyone who has had the opportunity to take it, and strongly recommend that everyone who has not taken it to do so. Simply navigate to our website, www.theadvisorsgroup.com and click on the link in the upper right-hand corner labeled "Access Risk Profile Here." The assessment takes approximately 15 minutes to complete, and the results will automatically be sent straight to us to analyze. We will then contact you to discuss what, if any, implications the results may have on your investment portfolio.

Indiana College Choice 529 College Savings Plan

529 plans are a great way to accumulate money tax-free for qualified education expenses. By contributing to the College Choice 529 Plan, Indiana taxpayers are eligible to receive a 20% state tax credit up to a maximum of \$1,000 (i.e. a \$5,000 contribution results in a \$1,000 state tax credit).

Remember, tax credits come right off the taxes you owe. So if you are an Indiana taxpayer call us today and we can get you started saving up to \$1,000 on your state taxes.

Accredited Investment Fiduciary

As a registered investment advisory firm The Advisors Group operates in a fiduciary capacity. An investment fiduciary is someone who is managing the assets of another person and stands in a special relationship of trust, confidence, and/or legal responsibility. Within the financial services industry this is considered to be the highest standard of care. In an effort to provide the highest level of service for our clients, Mark VanderHagen has successfully completed the requirements for the designation of Accredited Investment Fiduciary® (AIF). This professional designation awarded by fi360² demonstrates our mutual focus on all the components of a comprehensive investment process, related fiduciary standards of care, and commitment to excellence.

Deadline Approaching

First-time home buyers must have closed on his/her purchase by 11/30/2009 (i.e. just under two months from today) to qualify for a tax credit that is worth 10% of the cost of the home up to \$8,000. The tax credit, which is phased out at adjusted gross income levels of \$150,000 and up for a married couple, is claimed on IRS form 5405. Please consult a qualified tax advisor or real estate professional for details³.

Re-Branding Makeover

We are presently working with LPL Financial and their marketing department to review our marketing materials and to evaluate how we portray our brand (image). Although we are only a month or so into this exercise, the initial feedback from them suggests that some changes will be forthcoming. Everything from our brochures, website, logo and even company name may undergo a makeover to enhance our position in the marketplace and refine our value proposition. We are very excited about what the results will be from this collaboration with LPL Financial, but it's too early in the process to share any specifics at this time. You'll be the first to know, however, when we decide to move forward with any of these changes.

Disclosure Document Offering

Much of the information you have provided us over the course of our professional relationship is non-public, private information. Our staff is periodically trained to respect and protect your privacy by safeguarding and restricting access to this non-public information. We have a Privacy Policy which describes in greater detail the way we treat non-public personal information and measures we take to safeguard this information. Please feel free to contact us if you should have any questions pertaining to this policy.

Important disclosures regarding our business are provided in Form ADV Part II and associated Schedules, including Schedule F. This documentation provides information about our firm in general, the services we offer, the fees we charge, and other significant details. Our disclosure document is updated promptly when there are material changes in our business or business practices, and periodically to capture routine changes. If you would like to receive our most recent disclosure document, please let us know.

Footnotes and References

1. Source: *Transamerica Capital Management*
2. *fi360 offers a full circle approach to investment fiduciary education, practice management, and support that has established them as the leading source of investment fiduciary insights.*
3. Source: *National Association of Home Builders*

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

The *Dow Jones Industrial Average* is comprised of 30 stocks that are major factors in their industries, and widely held by individuals and institutional investors.

The *NASDAQ Composite Index* measures all domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index.

The *Standard & Poor's 500 Stock Index* (S&P 500) is an unmanaged capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The *Russell 2000 Small Stock Index* is an unmanaged index generally representative of the 2000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. The Russell 2000 Index measures the performance of the Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The *Barclays Capital U.S. Aggregate Bond Index* provides a measure of performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1 year remaining to maturity. In addition, the securities must be denominated in US Dollars and must be fixed rate, nonconvertible, and taxable.

The *Barclays Capital Long U.S. Government Index* includes all publicly issued, U.S. Treasury and U.S. Agency securities that have a remaining maturity of 10 or more years, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

The *Morgan Stanley Capital International ('MSCI') Europe, Australia, Far East Index ('EAFE')* is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas markets included in the index on a U.S. dollar adjusted basis. The index is calculated separately: without dividends, with gross dividends reinvested and estimated tax withheld, and with gross dividends reinvested, in both U.S. dollars and local currency.

The *Morgan Stanley Capital International ('MSCI') Emerging Markets Index* adjusts the market capitalization of index constituents for free float and targets for index inclusion 85% of free float-adjusted market capitalization in each industry group, in global emerging markets countries. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indexes: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.