



## RETIREMENT FINANCIAL SERVICES, INC.

WEALTH MANAGEMENT AND RETIREMENT SOLUTIONS EXPERTS

### Weekly Commentary April 27, 2009

#### The Markets

The government's ability to "stick the landing" will go a long way toward determining how well the economy – and, by extension, the stock market – will fare over the coming years.

If you're a fan of gymnastics, you're familiar with the concept of "sticking the landing." Whether it's coming off the vault, the beam, or the bars, gymnasts hope to make that picture perfect landing with a big smile and arms outstretched. Taking a step forward on the landing, a step backward, or, worse yet, falling on your, you know what, leads to a dreaded deduction and a disappointing finish.

The government is in a similar position.

With its myriad of fiscal and monetary policies, the government is furiously working to "stick" an economic landing that will prevent the recession from turning into a depression or the recovery from turning into runaway inflation. Their stab at managing interest rates and trying to thaw the credit markets is a good example.

On March 18, the Federal Reserve announced they would purchase more than \$1 trillion in government and agency debt and mortgage-backed securities in an effort to lower interest rates and spur growth. So, how well has it worked? The yield on the 10-year Treasury note immediately dropped one-half percent from 3.0% to 2.5% – a huge one-day decline and a quick sign that the market liked what it heard. However, by last Friday, investors had reconsidered and the yield on the 10-year note was back up to 3.0%.

While the yield on the 10-year note has done a round trip over the past few weeks (possibly due to improved economic expectations or higher inflation expectations), the Fed has achieved great success in lowering other rates. For example, interest rates for mortgages, investment grade bonds, junk bonds, and municipal bonds have all declined since the Fed went on its bond-buying spree. And, let's not overlook the effect in the stock market. Since its March 17 close, the S&P 500 index has risen about 11%, according to data from Yahoo! Finance.

Overall, the government has made some headway in managing interest rates, but the credit markets are by no means back to normal.

Unlike gymnastics, where you know in an instant if the gymnast "sticks the landing," we won't know for months, or perhaps even years, if the government sticks its economic landing. In the meantime, we'll continue to watch for the signs and make adjustments accordingly.

<b>Data as of 4/24/09</b>	<b>1-Week</b>	<b>Y-T-D</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Standard & Poor's 500 (Domestic Stocks)	-0.4%	-4.1%	-38.0%	-12.8%	-5.3%	-4.4%
DJ Global ex US (Foreign Stocks)	0.8	-0.5	-44.7	-13.5	-1.0	-0.6
10-year Treasury Note (Yield Only)	3.0	N/A	3.8	5.0	4.4	5.2
Gold (per ounce)	4.3	4.3	1.3	13.4	18.0	12.4
DJ/AIG Commodity Index	-2.2	-5.3	-47.5	-14.4	-5.4	3.1
DJ Equity All REIT TR Index	3.7	-9.3	-48.8	-16.4	-0.4	N/A

Notes: S&P 500, DJ Global ex US, Gold, DJ/AIG Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.  
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.  
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not available.

**ARE GREAT INVESTORS BORN OR MADE?** If you look at people like Peter Lynch, John Templeton, or Warren Buffett, it's tempting to say that they were born with natural gifts that endowed them with special investing skills. In reality, the common thread among people who excel at something, whether it's investing, sports, or playing the violin, is that they typically earned their skill through 10,000 or more hours of deliberate practice.

Researchers have concluded that deliberate practice to the tune of 10,000 or more hours is generally required to master a particular skill. Geoffrey Colvin, senior editor-at-large of *Fortune* magazine, defined deliberate practice as, "activity that's explicitly intended to improve performance, that reaches for objectives just beyond one's level of competence, provides feedback on results, and involves high levels of repetition." In other words, it's more than just reading *The Wall Street Journal* every day or hitting a few buckets of balls after work.

For example, what's made Tiger Woods so good? How about he's been playing golf since he was 18 months old under the tutelage of his hard-driving father who wanted to turn him into the greatest golfer that ever lived? By the time Tiger won the U.S. Amateur Golf Tournament at age 18, he had been practicing with intense focus for more than 15 years.

Lynch, Templeton (now deceased), and Buffett have similar stories. They have been passionate, deliberate investors for decades and developed specific strategies that they've honed for years. The result? They're considered some of the greatest investors that ever lived.

Knowing how difficult it is to be a successful investor, we continue to engage in our version of "deliberate practice" on your behalf so we can do a better job as we try to navigate these unusually tricky markets.

## **Weekly Focus – Think About It**

"Don't judge each day by the harvest you reap, but by the seeds you plant."  
--Robert Louis Stevenson

Best regards,

Dave Shepherd, ChFC, CFP®  
President/Financial Advisor

David W. Shepherd, Jr., CFP®  
Financial Advisor

For more information about Retirement Financial Services, Inc., please visit our website at [www.retirementfinancial.com](http://www.retirementfinancial.com)

P.S. Please forward this to your friends or colleagues that you'd like to introduce to our firm and send us their email address. We'll ask for their permission and then we'd be happy to add them to this weekly email. [info@retirementfinancial.com](mailto:info@retirementfinancial.com)

Securities offered by LPL Financial, Member FINRA/SIPC

To unsubscribe from this commentary email us at [info@retirementfinancial.com](mailto:info@retirementfinancial.com).

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

\* Gold represents the London afternoon gold price fix as reported by [www.usagold.com](http://www.usagold.com).

\* The DJ/AIG Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

\* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

\* Past performance does not guarantee future results.

\* Consult your financial professional before making any investment decision.