Paul Winter

From: Constant Contact [support@constantcontact.com]
Sent: Thursday, December 10, 2009 11:35 AM
To: pwinter@fiveseasonsfp.com
Subject: Your email campaign "Seasonal Musings" from Five Seasons Financial Planning has been sent

Email Campaign Confirmation

Dear Paul Winter,

Your email campaign, named December 2009 Newcomer Newsletter, was sent on 12/10/2009 around 1:35 PM EST.

Below is a copy of the HTML version your subscribers received. Don't forget, you can easily monitor the effectiveness of your campaign by visiting the Email Campaign Tracking area of your Constant Contact home page for real-time metrics and stats.

Subject: "Seasonal Musings" from Five Seasons Financial Planning

You are receiving this email from FSFP either because you have inquired about our Fee-Only financial planning or investment management services, or because you are a client/friend of the firm. To ensure that you continue to receive emails from us, add pwinter@fiveseasonsfp.com to your address book today. If you haven't done so already, click to confirm your interest in receiving emails from us.

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Seasonal Musings

March 2009

Musings In This Issue

Hi Paul,

Welcome to another issue of "Seasonal Musings", the online newsletter from Five Seasons Financial Planning LLC (FSFP). In this issue, we'll be discussing increased awareness of the fiduciary standard, the relevance of this year's mutual fund flows and reminding you of a

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potential money-saving opportunity. As usual, if there are financial planning or investment topics you'd like us to cover in future issues, please drop us a line.

The Fiduciary Standard Revisited

As a registered investment advisory firm and NAPFA (National Association of Personal Financial Advisors) member, Five Seasons has a fiduciary obligation to our clients. In other words, we are required by law to place the interests of our clientele above and beyond our own. This is a much higher standard of care than that imposed on the average broker and insurance salesperson, and results in more objective and professional financial advice.

On a positive note after that self-serving introduction, the fiduciary standard is starting to get more traction in the financial services industry. After a couple of revisions and a lot of internal debate, the CFP Board of Standards recently strengthened its professional code to incorporate a form of the fiduciary standard. The amended code will require a CFP® certificant to "at all times place the interest of the client ahead of his or her own," replacing the previous standard of "reasonable and prudent professional judgment" and effective July 1, 2008.

NAPFA has always led the fight to make consumers aware of the importance of hiring a fiduciary. To continue this effort, NAPFA has kicked off a national campaign and website, www.Focuson Fiduciary.com, to make the media and the public more aware of this issue.

Here's NAPFA's Fiduciary Oath, to which we and all members adhere. Why would you take financial advice from anyone who didn't promise in writing to put your interests first and foremost?

An Objective Opinion

"I know I want a "fee-only" adviser and not a "fee-based" adviser. (There's a big difference; the former tends to have fees that are easier to understand.) And I know I want an adviser who acts as my "fiduciary," who puts my financial interests ahead of his or her firm's.

(All financial advisers are not created equal: certified financial planners, brokers, insurance agents and "financial counselors" can have very different obligations and agendas. Failing to understand these distinctions is asking for trouble.)

This means I start by looking at groups like the National Association of Personal Financial Advisors (napfa.org), Cambridge Advisors (cambridgeadvisors.com) and the Garrett Planning Network (garrettplanningnetwork.com), which can direct me to fee-only advisers in my area."

---- Glenn Ruffenach, Wall Street Journal

Bond Buyer Beware

The Outlook for Bond Fund Returns

Investment flows into and out of different categories of mutual funds can be useful contrarian indicators. In other words, when investors as a group are plowing money into mutual funds focused on a given asset class, it's usually time to treat that asset class with caution. Likewise, when investors are throwing in the towel and demanding redemptions, it often pays to increase exposure to the asset class in question.

Without going into the "behavioral finance" behind this counterproductive behavior, let's just say investors en masse tend to view the past as prologue, to believe that recent investment return patterns will continue into the future. (It's my opinion that companies like Morningstar reinforce this misplaced belief, but that's another story.) If anything, asset class investment returns tend to revert to the mean. More often than not, extended periods of above-average returns are followed by extended periods of subdued investment returns, and vice versa.

So what patterns have we seen in mutual fund flows this year, and what can we conclude from them? Most notably, there have been net outflows from domestic stock mutual and exchange- traded funds so far in 2009. And U.S. equities is the only major investment category to suffer net redemptions this year.

This goes to show that despite the historic performance of our stock indices since March, there is still a lot of skepticism about the rally amongst the investing public. While this is understandable given the "lost decade" that domestic stock investors have suffered through, it is also comforting that the outsized returns this year are not being accompanied by speculative froth.

The same can't be said of the bond markets. **Investment-grade bond yields have been falling fairly steadily since the '80s**. The counterpart to this trend is that high-quality bond fund investors have enjoyed almost non-stop capital gains along with their coupon income during this time.

With competing asset classes (equities, real estate, hedge funds) on the ropes and cash yielding next to nothing, investors have poured hundreds of billions of dollars into bond funds this year. As in all cases where the public begins to chase performance, this won't be a case of whether this will end badly, but when. With massive fiscal imbalances around the world, central banks beginning to repeal their easy policies, and bond yields far below historical norms, bond fund investors will at some point learn that capital losses can overwhelm coupon income very quickly.

"When the financial history of this decade is written, it will surely speak of the Internet bubble of the late 1990s and the housing bubble of the early 2000s, but the U.S. Treasury bond bubble of late 2008 may be regarded as almost equally extraordinary."

----- Warren Buffett, February 2009

For a related article by renowned market analyst Roger Ibbotson and fellow CFA Peng Chen on the historical returns of bonds versus stocks, and on why we should expect stocks to outperform bonds going forward, please click **here**

The Other Side of the Coin is Shiny

The Current State of Mortgage Rates

The silver lining to this historic bond market rally is that mortgage rates are near or at all-time lows. In a recent Freddie Mac survey, 30-year fixed-rate mortgages averaged 4.71%, and with the yield curve being so steep, 15-year mortgages averaged only 4.29%.

The economics of refinancing your mortgage rest on a number of factors, but if you can find a friendly appraiser and you've been waiting for the opportunity to restructure your debt, get those mortgages while they're hot.

Five Seasons Financial Planning is a Fee-Only investment advisory firm registered with the state of Utah. Five Seasons offers integrated wealth management, as well as investment counseling and financial planning services. To view past issues of "Seasonal Musings", click **here**

One of the benefits of working with a Fee-Only investment advisory firm is full disclosure. To receive a copy of our Form ADV, which details a variety of information about Five Seasons, or our Privacy Policy, please use the contact information below.

Best wishes,

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