

Investment Returns

A Reality Check

Do You Want 10% or 63.9% Return

- S&P Index vs. Active Management

	<u>S&P</u>	<u>Active</u>
• Invested 2008	\$100,000	\$100,000
• Market Drop	-40%	-5%
• Asset Value	\$ 60,000	\$ 95,000
• <u>Return</u>	+63.9%	+10%
• Portfolio Value	\$98,340	\$104,500

What If?

- It took three years to recover the 40% lost?
- What if the Managed Money Account returned 10% each of the three years?
- The result is **\$126,445** for the Actively Managed Portfolio
- The S&P Index is **\$98,340**

Total Return Needed To Recover

If a loss is	Approximate total return needed over time to get back to the initial investment
-10%	11.11%
-15%	17.65%
-20%	25.00%
-25%	33.33%
-30%	42.86%
-35%	53.85%
-40%	66.67%
-45%	81.82%
-50%	100%

Exaggerated Loss?

Think Again!

Average Loss of Principal

39.5%

Date	Duration in months	% Decline	Cumulative Return After Bear Market Ends			
			1-year	3-years	5-years	10-years
October 9, 2007 – February 23, 2009*	16	-52.5%	n/a	n/a	n/a	n/a
March 24, 2000 – October 9, 2002	31	-49.1%	33.7%	54.0%	101.5%	n/a
July 16, 1990 – October 11, 1990	3	-19.9%	29.1%	56.0%	96.1%	361.9%
August 25, 1987 – December 4, 1987	3	-33.5%	22.8%	45.7%	93.0%	334.6%
November 28, 1980 – August 12, 1982	20	-27.1%	58.3%	83.2%	224.5%	278.9%
January 11, 1973 – October 3, 1974	21	-48.2%	38.0%	55.3%	76.0%	160.8%
November 29, 1968 – May 26, 1970	18	-36.1%	43.7%	55.8%	30.7%	59.6%
February 9, 1966 – October 7, 1966	8	-22.2%	32.9%	27.2%	36.6%	41.4%
December 12, 1961 – June 26, 1962	6	-28.0%	32.7%	58.8%	75.2%	105.4%
August 2, 1956 – October 22, 1957	15	-21.5%	31.0%	36.8%	41.0%	144.7%
May 29, 1946 – June 13, 1949	37	-29.6%	42.1%	79.9%	110.9%	232.3%
March 6, 1937 – April 28, 1942	62	-60.0%	53.7%	96.8%	92.4%	215.3%
September 7, 1929 – June 1, 1932	33	-86.2%	121.4%	117.7%	262.7%	97.5%
Average	21	-39.5%	44.9%	63.9%	103.4%	184.8%

Bear Markets

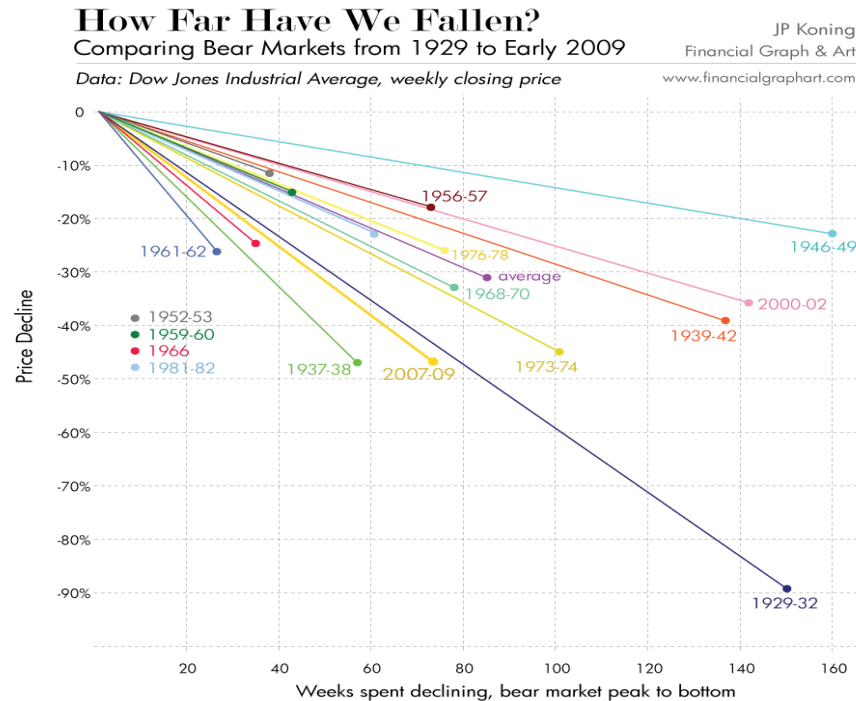
- Since 1929 – 13 Bear Markets
- One Bear Market Every 6.2 years
- Source: Standard & Poor's

Average Bear Decline

- Lasts 21 Months
- As short as 3 Months *(1987 & 1990)*
- As long as 62 months *(1937-1942)*
- Beginning of the great depression *(1929-1932/
33 months)*

Consider The Averages

- 21 Months of Decline
- 3+ Years needed to recover from Average Loss (39.5%)



Consider the 6.2 Year Bear Cycle

- 1.2 Years “In The Black”
- About 19% of the 6.2 Year Cycle
- Batting .190 Won't Get You To The Major Leagues

Why Is this Important to Know?



Growth...

- Is not in a straight line – Its up & down
- Most people use their investments
- Life doesn't stop – weddings, illnesses, college and retirement don't wait until the market is up
- Timing is everything

Active Money Management

Wins By Not Losing

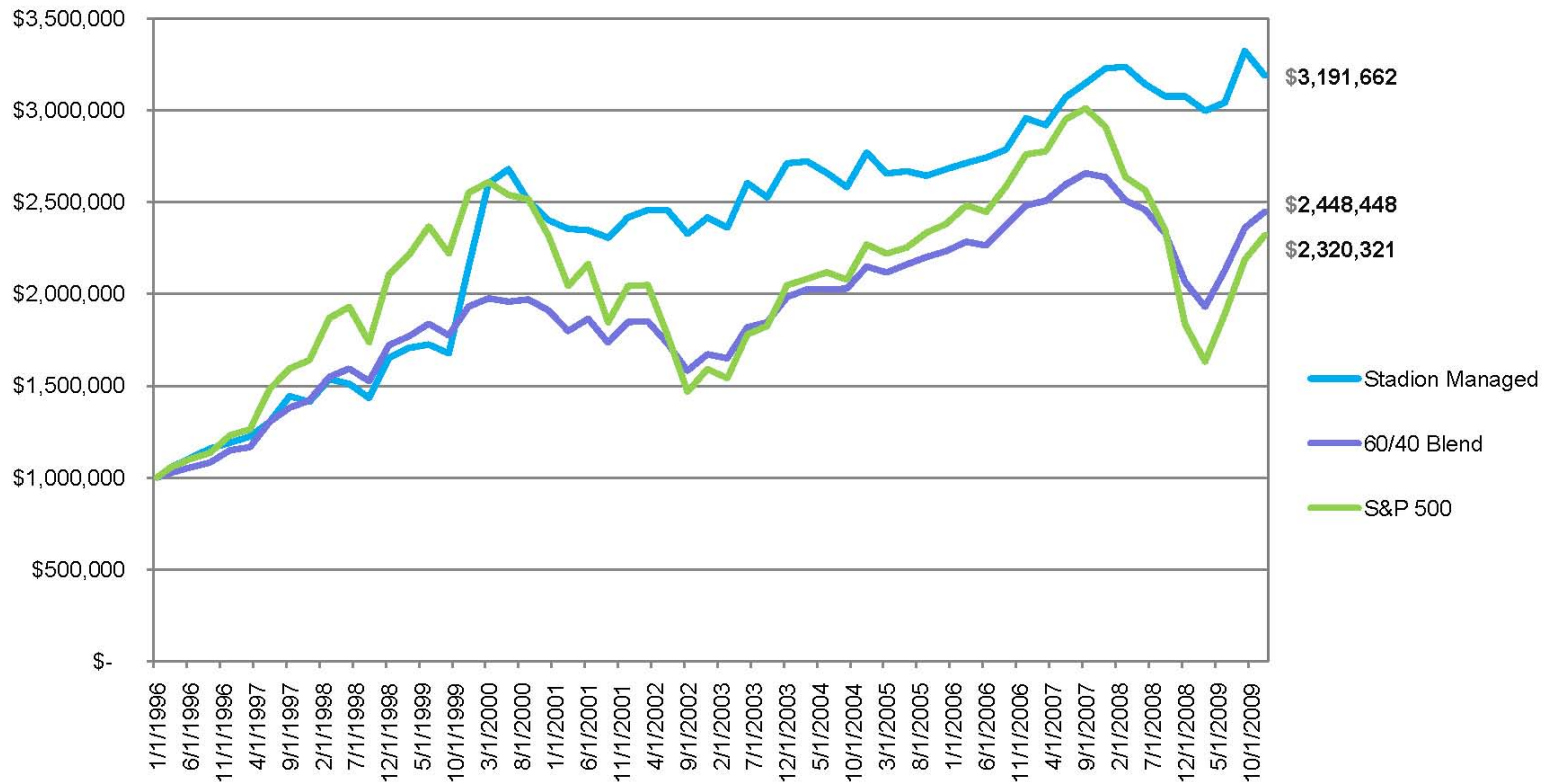
Active Money Management

- Avoids ***Most*** Of The Decline
- Captures ***Most*** of the Recovery

An Example

Long-Term Stadion Managed Performance

\$1,000,000 invested 01.01.96 – 12.31.09



Thank You

Questions