

What Does the Future Hold?

There are many circumstances that can impact investment portfolios.

Alone, any one of a number of factors can influence opportunities for growth, profits and building wealth. Consider the following potential circumstances:

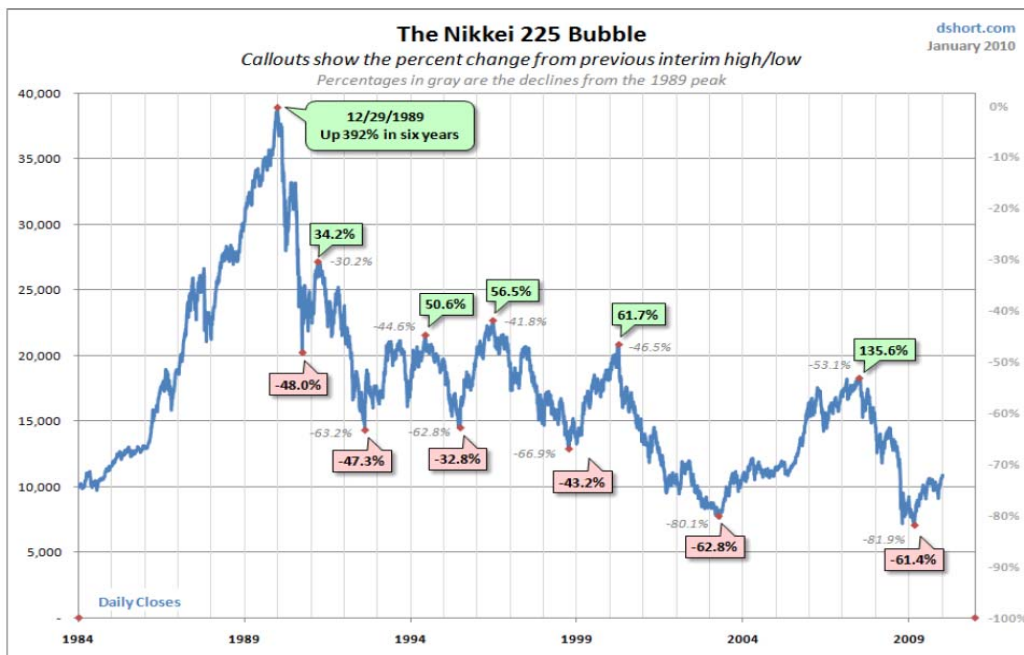
- A Stock Market Meltdown
- High P/E Ratios Prior to Meltdown (still historically high after meltdown)
- Real Estate Bubble
- Corporate Debt Crisis
- Banking Crisis
- Ballooning Government Debt
- Historically Low Interest Rates

All of these situations together can create a difficult economic environment for investors.

Do these describe the United States in 2008?

While all of these circumstances have existed together in the United States, its not the first time a market like this has occurred and it won't be the last. These circumstances also describe Japan in 1990.

This situation existed in Japan in 1990 before the Nikkei Index fell more than 60 percent in value, touching off a 20-year secular bear market. (See chart below)



**20-Year
Cyclical
Bear
Market**

Could this happen in the United States? The answer is, yes, this could happen in the United States and we have experienced a similar situation in the past 50 years. Does the prospect of these market conditions make you more concerned about retirement or other life events that require preservation of principle and growth?

If so, you are not alone. The prospect of a prolonged bear market concerns investment professionals and often scares the average investor. What do you do and when?

A Silver Lining In a Dark Cloud

When you look at Japan's 20-year bear market, you can see the overall trend is one that can erode wealth. And, many investors are concerned a similar trajectory can emerge with the United States economy. This could be a great concern for "Buy & Hold" investors.

Not a sunny scenario in general. However...take note of the multiple bull runs within the bear market. It's not too different from the flat market in the United States from 1966 to 1982 (below). Despite the overall listless net market return during this time period, there are multiple bull runs throughout this flat market period ... potentially **profitable** bull runs within the bear market.

DJIA – 1966-82



The Dow Jones Industrial Average is a "price weighted index" which represents the average value of 30 large, industrial stocks. It is not possible to invest directly in indexes (like the Dow Jones Industrial Average) which are unmanaged and do not incur fees and charges.

Making The Most Of An Extended Bear Market

Markets like the examples shown are nothing new in the world of investing. They are part of a longer trend of growth in stocks and economies around the world. The problem is for investors needing to use their investments for retirement and other large cash outlays, timing is everything and holding on to principle during choppy investing waters is a must so as not to lose years of saving and sacrificing investing.

These situations are why Active Money Management philosophies are employed by Pensionmark Retirement Group. Our goals are very simple: Avoid most of the down cycles in the market and capture most of the up cycles in the market. We simply try to build wealth for our clients while minimizing the risk of market fluctuations.

The goal is simple and the process is proven. The only question is if it is a fit for YOUR portfolio. If preserving principle is important to you, we may have some great investment options for you to consider.

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