



March 13, 2009

Dear Client,

Recently we received the attached chart from BlackRock Investments. I believe this chart is as timely as it is compelling given the upswing we have experienced in the market this week. The chart shows the impact of missing the best performance days in the S&P 500 over the past 20 years (from January 1, 1989 to December 31, 2008). As you know, your portfolio is not invested 100% in the S&P 500, but the implications of the study are clear to me, even including the dreadful market we all endured in 2008.

The first bar in the chart represents the value a portfolio would have achieved had it remained fully invested in the market the entire 20-year period. A \$10,000 investment would have grown to \$49,424, representing an annualized return of 8.3%. Before going any farther, let me put this in perspective. There are about 250 trading days in a typical year. (52 weeks x 5 days = 260 – 10 holidays = 250) That means there would be roughly 5,000 trading days in a 20-year period. Missing the five best days in this period would drop the ending portfolio value to \$33,019, reducing the annualized return by a quarter! Only five days! Moving farther along, if you missed the best 15 days, the annualized return is reduced by over half!

This week we experienced a real-life example of this phenomenon. The Dow Jones Industrial Average rallied 678 points in the past four days (3/10/09 – 3/13/09). (Source: Bloomberg)

I hope you find this chart valuable as we continue to navigate this difficult period together.

Sincerely,

Mike Booker, CFP®, ChFC, CFS

Board Certified in Asset Allocation