MEMO

Date: **December 15, 2008**

From: **Jonathan D. Weir, JD***

To: **WFR Clients and Friends**

Subject: **Keeping a Long-Term View**

We find ourselves in turbulent times. Markets are often driven by emotion and uncertainty, in addition to the fundamentals, which is clearly evident in the volatility we've seen this year.

As 2008 closes, a memorable year in many respects, we can all begin to look ahead. The government has recognized the challenges to the economy and has acted quickly and decisively to restore confidence. More will need to be done. President-elect Barack Obama inherits no shortage of public policy challenges. The beginning of 2009 will see the new Congress working to hold hearings, write major legislation and oversee a string of unprecedented financial reforms. Debate in Washington may also center on funding for infrastructure projects, tax policy, and aid to state and local governments. It is likely that positive change will result from the current challenges, but they may be difficult to appreciate in the short term. We believe that over time, a stronger economy will emerge.

Keeping a Long-Term View

We at Weir Financial Resources take a long-term view. We do this because we know that reacting emotionally to short-term news can be detrimental to long-term results and can make temporary losses permanent. We believe in the benefits of diversification and asset allocation. Because of these core tenets, we encourage the use of a broad mix of assets and asset classes to build portfolios. We design portfolios in anticipation of volatility, not in response to it.

But even a portfolio of carefully selected investments needs to be reviewed periodically to make sure it still meets your needs. Now may be a great time to consider steps in response to the pending year-end, including:

- Examine the appropriateness of harvesting losses to potentially offset capital gains in your portfolio
- Consider rebalancing your portfolio to its proper allocation based on your risk tolerance
- Revisiting investment strategies such as dollar cost averaging, used by many investment professionals to cushion the effects of wide price swings, and lower the long-term cost of investing. Investing the same amount of money at the same interval, such as payroll deductions into your retirement plan, enables you to buy fewer shares when prices are high and more shares when prices are low. While it will not guarantee that you will make a profit or prevent a loss, dollar cost averaging can help you regularly invest in a methodical way.
- Transferring assets with reduced market values for estate planning needs

While past events have been accompanied by "the sky is falling" prognostications, the financial markets have been resilient and have continued to function. No one knows what the Wall Street landscape will look like in one, five, or ten years, but experience has shown that those who remain calm and make rational decisions with an eye on the long-term are those who will most likely weather the current uncertainty. If you believe your circumstances have changed, please call me and we will arrange a review and reassessment. In the meantime, do not let short-term market difficulties undermine your long-term rational planning.