



Address Label

Success in investing, as in life,  
requires balance.

“If you want to get yourself better off financially, quit buying things.”

“IN A LEVERAGED SOCIETY, ONLY CASH CAN MAKE YOUR DREAMS COME TRUE.”

“Industry, perseverance, and frugality make fortune yield.”

“MOMENTUM INVESTING: BUY HIGH, SELL HIGHER.”

“Don’t try to make a killing on short-term market moves. They are impossible to predict accurately.”

—Excerpts from “Money Doesn’t Grow on Trees”- Breck Speed and Mark Dutton

### ETF Extra – SPDR Dow Jones Global Real Estate (RWO—32.26)

Investors looking for direct exposure to a broad portfolio of commercial real estate in developed markets around the globe can get it with SPDR Dow Jones Global Real Estate. The Fund seeks a relatively low-cost, “passive” approach to investing in real estate. The fund administrator seeks to replicate, net of expenses, the Dow Jones Global Select Real Estate Securities Index. The fund will invest at least 80% of assets in securities that comprise the index. The index is a float adjusted market capitalization index designed to measure the performance of publicly traded global real estate securities that represent the ownership and operation of commercial or residential real estate. The fund is non-diversified, but may be suitable for long-term investment in the global real estate market.

#### RWO’s Notable Statistics

Current Dividend Yield:	3.96 %
One Year Return	- 16.57 %
Annual Expense Ratio:	0.50 %
Total Assets in the Fund:	\$ 77.3 mil

#### Top 5 Holdings:

5.56 %	Westfield Group
4.24 %	Simon Property Group Inc.
4.01 %	Unibail-Rodamco SE
3.98 %	Mitsui Fudosan Co. Ltd.
2.50 %	Brookfield Asset Management Inc.

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# Money Matter\$



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## Expanding on Fortune’s Basic Rules for Building Wealth

By Adam Sommers

Fortune Magazine’s Annual Investment Guide highlights six easy ways to build wealth and get your money to work better for you.

1. **Keep It Simple** – If you have a full-time job and it’s not picking stocks, acknowledge that. One way to maintain simplicity is to invest using broad-ranging index funds from a company like Vanguard. An even better solution—if you’re not able or interested in keeping tabs on your investments—may be to retain an investment advisor like Sommers Financial Management. **SFM may employ complex strategies on your behalf, but for our clients it’s as simple as sitting back, relaxing with the knowledge that you have a professional investor handling your account(s).**
2. **Don’t Chase Trends** – You want to grow your money for the long haul, so you can’t switch your strategy every time you read the headlines. A client once relayed something they’d been told by a wise relative: “Your investment account is like a bar of soap: the more you play with it, the smaller it gets.” **There is a difference between trading and investing.** Usually what you read, see, and hear about are trading strategies using the current hot buttons. Investing uses forward looking analysis to determine why something appears to offer an attractive rate of return. SFM avoids chasing trends each and every quarter. We diversify your assets, and rebalance your portfolio at least once a year.
3. **Make Saving Automatic** – No one wants to think about saving – so don’t. If you’re already maxing out your retirement options at work, SFM can help set up an automatic transfer to your investment account from your bank. Too often people “save” what’s left at the end of each month (usually not
4. **Go Heavy on Stocks (if you’re young)**– The more time you have, the more risk you should take. Stocks have historically provided a handsome reward, but also offer higher than average volatility. If you’ve got 20 years until you’ll need to tap your investments, stocks should make up the majority of your holdings—even after the past 12 months.
5. **Hold Down Fees** – SFM chooses to utilize low-cost index mutual funds and exchange-traded funds, along with inexpensive trading costs at Scottrade and TD Ameritrade. Impersonal mutual fund managers who charge more than 1% per year for “closet-indexing” don’t deserve your patronage.
6. **Defer Taxes** – **This point should be “manage taxes”.** In our current environment, with tax rates almost certain to rise, deferring taxes may not be your best move. SFM attempts to look at your total tax situation prior to executing taxable trades, conversions and distributions on your behalf.

### Five Year Average Annual Returns

- Dow Jones Industrial 30 Average: - 0.7 %
- S&P 500 Large Company Index: - 1.0 %
- NASDAQ Composite Index: +2.4 %
- Russell 2000 Small Company Index: +1.1 %
- SFM’s ‘MODEL 25’ PORTFOLIO: +8.0 %

(see inside the newsletter for updates to the Model Portfolio)

**SFM's Model AGGRESSIVE  
STOCK Only Portfolio**

Company Name	Risk Grade	P/E Ratio	Growth Rate	Payback Yield
Accenture	A-	11.3	13%	9%
Adobe	D	18.6	14%	9%
Amgen	B+	11.4	9%	9%
AstraZeneca	B+	7.4	0%	9%
<b>Bristol-Myers Squibb</b>	B	9.5	9%	10%
Biovail	C	10.0	8%	10%
Cherokee	C	12.6	2%	8%
Diamond Offshore	C	10.3	12%	13%
Endo Pharmaceuticals	D	9.9	10%	13%
Enesco International	D	7.6	22%	31%
Federated Investors	C	11.5	9%	8%
Forest Laboratories	C	7.9	5%	17%
Google	C	18.7	19%	50%
J2 Global	C	11.1	12%	13%
<b>Johnson &amp; Johnson</b>	A+	11.9	8%	8%
Medtronic	B	11.6	10%	9%
<b>Microsoft</b>	A-	12.9	10%	9%
Noble Energy	D	8.2	8%	18%
NetEase	D	17.4	19%	9%
NutriSystem	C	14.6	17%	11%
Oracle	A-	12.2	14%	9%
OptionsXpress	D	12.4	16%	10%
<b>Pfizer</b>	A-	7.4	0%	11%
Philippine Long Distance	B-	9.4	9%	7%
World Acceptance	F	5.3	11%	13%
<b>Averages:</b>	<b>C+</b>	<b>11.2</b>	<b>11%</b>	<b>13%</b>

**SFM's Model CONSERVATIVE  
INCOME STOCK Only Portfolio**

Company Name	Risk Grade	P/E Ratio	Div. Yield	Ret. on Equity
Accenture	A-	11.3	1.4%	52%
Boeing	A-	11.4	3.2%	636%
<b>Bristol Myers Squibb</b>	B	9.5	5.5%	28%
Colgate-Palmolive	A+	16.6	2.3%	81%
Campbell's Soup	A-	12.6	3.1%	67%
Chevron Texaco	B+	9.0	3.9%	19%
Heinz	B+	11.7	4.2%	57%
Hershey	A-	14.8	3.0%	69%
IBM	A+	10.4	1.8%	60%
<b>Johnson &amp; Johnson</b>	A+	11.8	3.2%	26%
Kellogg	A-	12.8	3.0%	53%
Coca Cola	A-	16.1	3.1%	26%
Lockheed Martin	A-	8.6	2.9%	58%
McDonald's	A-	12.6	3.6%	26%
Altria	A-	8.7	7.3%	22%
Merck	B	10.7	4.9%	13%
<b>Microsoft</b>	A-	12.9	2.0%	37%
Pepsi	A-	14.4	3.1%	34%
<b>Pfizer</b>	A-	7.2	3.9%	12%
Procter & Gamble	A-	13.1	3.0%	19%
Taiwan Semiconductor	B	16.4	3.5%	16%
Verizon	A-	10.0	6.1%	13%
WalMart	A+	11.8	2.2%	20%
Windstream	A-	8.7	10.3%	145%
Exxon Mobil	A+	10.0	2.5%	29%
<b>Averages:</b>	<b>A-</b>	<b>11.7</b>	<b>3.7%</b>	<b>41%</b>

**SFM's ORIGINAL "Model 25"  
STOCK Only Portfolio**

Company Name	Value Grade	Cash Flow	Risk Grade	Market Cap
Accenture	A-	C	A-	Large
<b>Bristol Myers-Squibb</b>	A-	C	B	Large
Biovail	A-	A-	C	Small
Cherokee	C	A+	C	Micro
Colgate-Palmolive	D	A-	A+	Large
Campbell's Soup	B-	B-	A-	Mid
Enesco International	A+	A-	D	Mid
Federated Investors	A-	A+	C	Small
Heinz	B+	C	B+	Mid
IBM	B-	B-	A+	Mega
<b>Johnson &amp; Johnson</b>	B+	B+	A+	Mega
Lockheed Martin	A-	C	A-	Large
McDonald's	B-	B-	A-	Large
Altria	A+	B-	A-	Large
<b>Microsoft</b>	C	A-	A-	Mega
NutriSystem	A-	A-	C	Micro
Oracle	C	A-	A-	Large
Pepsi	C	B-	A-	Large
<b>Pfizer</b>	C	B-	A-	Large
Procter & Gamble	B+	C	A-	Mega
Phillipine Long Distance	B-	A-	B-	Mid
Raytheon	A-	C	B	Large
Taiwan Semiconductor	C	A-	B+	Large
Windstream	B+	B-	A-	Mid
Exxon Mobil	B-	C	A+	Mega

**Commentary & Ramblings**

By Joyce Pereira  
SFM Client Service Manager

When Adam asked me to write an article for the newsletter, I panicked. What could I possibly write that anyone would want to read? He is the expert on darn-near everything from what I can tell (must have something to do with his passion for reading everything that he can get his hands on). But, as a good employee, I graciously agreed; for I knew he could use a break now and then.

In the nearly six months that I've been working at Sommers Financial, I've noticed several things. **Adam takes his role as "fiduciary" very seriously.** This was a word that was new to me coming from a typical broker/dealer business that works for commissions. Let me define it for you... fiduciary – basically a legal relationship of confidence or trust between two or more parties.

In other words, **he treats others as he would want to be treated, with their best interest in mind.** This doesn't include placing clients in products with high management fees, or moving people around constantly so he can make some extra money. It does mean that he wants to see his client's nest eggs grow, because when his clients are happy, he is happy.

While I'm on that thought, Adam loves to hear from his clients. **He is thrilled when people actually show interest in knowing how their investments are doing.** It gives him a chance to "talk investments". Besides that, it helps him better determine what is appropriate for a client, what their goals are, and how we can better serve them.

I might add that when Adam "talks investments" you might be afraid that it's like having a doctor explain something in medical terms instead of plain English. Don't worry, I've asked a ton of questions since I've been here, and not once has he said to me, "Now that's a stupid question!" Adam is great at trying to explain things in a way you can understand; and as a good coach, he meets people where they are. Sometimes this means explaining things a couple of different ways until he knows you understand.

On that note, if you are an existing client, **I challenge you to ask Adam about your investments, business, retirement, et cetera.** I'm certain you will learn something new. If you aren't currently a client, why not call up your existing financial planner/investment manager to see what they are doing for you. If they offer to move you into a different "product" after you've lost a substantial sum in your account, I just happen to have a name and number for someone that really cares about clients.

*Editor's note: Yes, I paid her to say this! :) - AS*

**SFM AGGRESSIVE Stock Portfolio vs.**

**Relevant Benchmarks**

	SFM Aggressive	Russell 2000 Index	Nasdaq Index
3 Month Return:	+ 18.3 %	+ 19.1 %	+ 15.7 %
12 Month Return:	1.3 %	- 10.8 %	1.9 %
3 Year Average Annual:	N/A	- 5.5 %	- 2.0 %
5 Year Average Annual:	N/A	1.1 %	2.4 %
ROR Since 4/1/2007:	- 8.3 %	- 9.7 %	- 4.9 %

**SFM Conservative INCOME Stock Portfolio vs.**

**A Relevant Benchmark**

	SFM Income	Dow Jones Industrial Avg.
3 Month Return:	+ 8.5 %	+ 15.0 %
12 Month Return:	- 6.1 %	- 10.5 %
3 Year Average Annual:	N/A	- 5.6 %
5 Year Average Annual:	N/A	- 0.7 %
<b>ROR Since 4/1/2007:</b>	<b>- 6.3 %</b>	<b>- 8.5 %</b>

**SFM ORIGINAL Model "25" Portfolio vs.**

**A Relevant Benchmark**

	SFM Model 25	S&P 500 Index
3 Month Return:	+ 9.2 %	+ 15.0 %
12 Month Return:	- 4.6 %	- 9.3 %
3 Year Average Annual:	+ 3.9 %	- 7.0 %
5 Year Average Annual:	+ 8.0 %	- 1.0 %
<b>ROR Since 6/1/2003:</b>	<b>+ 14.0 %</b>	<b>+ 1.5 %</b>