Sommers Financial Management
PO Box 1552
St. Helens, OR 97051

First Class Stamp

Address Label

Gambling is gambling; it is not investing.

"No one has ever made money panicking, although fortunes have been made by those who induced others to panic."

"Bad markets are always followed by good markets."

"The common denominator of all successful investors, encompassing many different approaches to the market, is their ability to curb destructive emotions and instead employ the productive emotions of patience, confidence, and long term resolve."

"Like all good things, bad things must come to an end."

—Excerpts from "Money Doesn't Grow on Trees"- Breck Speed and Mark Dutton

ETF Extra — SPDR DB International Government Inflation-Protected Bond (WIP—57.35)

SPDR DB International Government Inflation-Protected Bond is ideal for investors looking for easy and low-cost access to international inflation-protected government fixed-income issues. In an asset-allocation strategy, SPDR DB International Government Inflation-Protected Bond should be considered as a complement to your government-bond allocation.

The fund normally invests at least 80% of total assets in fixed-income securities that comprise the DB Global Government ex-US Inflation Linked Bond Capped Index. It generally concentrates its investments (i.e., hold 25% or more of its total assets) in a particular industry or sector to approximately the same extent that its benchmark index is so concentrated. The fund is non-diversified.

WIP's Notable Statistics

Current Yield:	0.57 %
One Year Return	16.99 %
Annual Expense Ratio:	0.50 %
Total Assets in the Fund:	$ 922 mil

Top 5 Holdings:

13.7 %	France (Government of)
11.6 %	U.K. (Government of)
4.31 %	Japan (Government of)
3.44 %	Sweden (Kingdom of)
3.16 %	Germany (Federal Republic of)

January 1st, 2010

Money Matter$

A Quarterly Newsletter from Sommers Financial Management

Ph. (503) 397-1545 www.sommersfinancial.com

Volume 8, Issue 1

Nine Lessons Learned in 2009

By Adam Sommers

Reflecting back on the year 2009, I realize it was a very educational year. 2009 saw me begin Master's Degree coursework at the College for Financial Planning; but more importantly, I learned from my experiences. In the spirit of sharing, I'd like to pass on to you the top nine lessons I learned in '09.

1. **Risk tolerances update constantly** based on events happening in the real world, no matter how someone answers a hypothetical question in an introductory meeting. Being nimble by investing in highly liquid ETFs made changing investor risk tolerances a non-factor, and SFM weathered the storm relatively well.
2. **It's difficult to find non-correlated assets** when the global economy is experiencing financial crisis. In 2008, the only global asset classes to rise in value were managed futures and treasury bonds.
3. **Our government leaders aren't as powerful or smart as I calculated them to be**. Stimulus programs like "Cash for Clunkers", and the bailouts of banks, insurance companies, and automakers demonstrated their folly.
4. **Timing the market takes a strong stomach** and a steely disposition, in addition to an almost complete disregard for clients' emotions. I admit that last spring, I found myself waiting, along with most of my clients, for the next shoe to drop instead of going with the flow (momentum) and diving in, as the market has risen over 50% since March.
5. **It is a huge help to have someone else working in the office at SFM** to help with recordkeeping, organization, communication, and with whom to discuss strategy. Joyce is a pivotal addition to Sommers Financial Management, and I encourage you to call or stop by the office to meet her.
6. **Technology continues to get better**, faster, and easier; and I'm becoming more and more reliant on it. This year SFM upgraded our major software systems, implementing a new portfolio management and reporting platform alongside new Client Management and Financial Planning software.
7. **Big banks and brokerages really are snakes** and sharks, and the scale of public opinion has finally tipped in favor of independent, fee-based fiduciary advisors over wirehouses and banks. It's been reported that both clients and employees of large brokerages are leaving in droves to partner with fee-based, independent advisory practices like Sommers Financial Management. Clients are finally demanding that their advisors put their interests first.
8. **The news media does not help people** to make rational, thoughtful decisions regarding politics or money. I've harped on this point for over a year now, fingering media as an accomplice in the Great Recession over the past 18 months, causing panic and fear across the globe with 'breaking' news.
9. **Having a daughter is a precious, but demanding gift**. It's a challenge for Teresa and I to spend an evening out together—but she is the cutest, smartest, sweetest 14-month-old I've ever met. (wink)

2009 Returns

• Dow Jones Industrial 30 Average:	18.8 %
• S&P 500 Large Company Index:	23.5 %
• NASDAQ Composite Index:	43.9 %
• Russell 2000 Small Company Index:	26.8 %
• SFM's 'MODEL 25' PORTFOLIO:	29.4 %

(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-	11.7	13%	8%
Amgen	B	10.1	9%	11%
AstraZeneca	B+	7.1	0%	10%
Becton Dickinson	B+	13.0	11%	8%
Biovail	C	10.0	7%	8%
Cherokee	D	9.3	2%	10%
Coach	C	15.1	14%	8%
Diamond Offshore	B	10.0	20%	16%
Endo Pharmaceuticals	D	6.4	9%	15%
Ensco International	C	10.5	0%	15%
Federated Investors	C	8.8	9%	9%
Forest Laboratories	C	7.9	4%	16%
Google	B	20.9	21%	50%
J2 Global	C	9.4	8%	15%
Johnson & Johnson	A+	12.3	7%	8%
Merck	B	11.8	5%	10%
Microsoft	A-	14.2	11%	7%
Noble Energy	C	7.9	11%	19%
NetEase	D	14.8	22%	12%
Oracle	A-	12.9	13%	9%
OptionsXpress	D	10.6	11%	8%
Pfizer	A-	8.3	0%	10%
Philippine Long Distance	C	10.5	9%	8%
SEI Investments	C	13.2	12%	7%
World Acceptance	F	6.2	11%	12%
Averages:	**C+**	**10.9**	**9.6%**	**12.4%**

SFM AGGRESSIVE Stock Portfolio vs. Relevant Benchmarks

	SFM Aggressive	Russell 2000 Index	Nasdaq Index
3 Month Return:	**6.5 %**	4.7 %	6.9 %
12 Month Return:	**47.4 %**	26.8 %	43.9 %
3 Year Average Annual:	**next qtr**	- 6.5 %	- 2.0 %
5 Year Average Annual:	**N/A**	- 0.5 %	0.9 %
ROR Since 4/1/2007:	**- 5.6 %**	- 7.6 %	- 2.3 %

SFM's Model CONSERVATIVE INCOME STOCK Only Portfolio

Company Name	Risk Grade	P/E Ratio	Div. Yield	Payback Yield
Accenture	A-	11.7	1.8%	8%
Colgate-Palmolive	A+	15.8	2.1%	6%
Campbell's Soup	A-	12.0	3.0%	6%
Chevron Texaco	A-	11.3	3.5%	6%
Federated Investors	C	10.8	3.7%	9%
Heinz	A-	12.4	3.9%	5%
Hershey	A-	13.36	3.4%	5%
IBM	A+	10.7	1.7%	6%
Johnson & Johnson	A+	12.3	3.0%	8%
Kellogg	A-	13.0	2.9%	6%
Kraft	B	11.3	4.3%	5%
Coca Cola	A-	17.2	2.9%	6%
Lockheed Martin	A-	9.2	3.3%	6%
McDonald's	A-	13.4	3.5%	7%
Altria	A-	9.6	6.9%	6%
Merck	B	11.8	4.0%	10%
Microsoft	A-	14.2	1.8%	7%
Pepsi	A-	14.4	3.0%	7%
Pfizer	A-	8.3	3.5%	10%
Procter & Gamble	A-	13.9	2.9%	7%
Phillipine Long Distance	C	10.5	4.9%	8%
AT&T	B+	10.3	6.0%	5%
Taiwan Semiconductor	A-	16.0	3.3%	6%
Verizon	A-	10.7	5.8%	3%
Windstream	B	9.7	9.3%	3%
Averages:	**A-**	**12.2**	**3.8%**	**6.4%**

SFM Conservative INCOME Stock Portfolio vs. A Relevant Benchmark

	SFM Income	Dow Jones Industrial Avg.
3 Month Return:	**6.6 %**	7.4 %
12 Month Return:	**15.2 %**	18.8 %
3 Year Average Annual:	**next qtr**	**- 5.4 %**
5 Year Average Annual:	**N/A**	**- 0.7 %**
ROR Since 4/1/2007:	**- 3.7 %**	**- 5.7 %**

SFM's ORIGINAL "Model 25" STOCK Only Portfolio

Company Name	Value Grade	Cash Flow	Risk Grade	Market Cap
Accenture	A-	C	A-	Large
Amgen	C	A-	B	Large
AstraZeneca	C	B+	B+	Large
Biovail	A-	A-	C	Small
Cherokee	B-	A+	D	Micro
Colgate-Palmolive	D	B+	A+	Large
Campbell's Soup	B-	B-	A-	Mid
Diamond Offshore	B-	A+	B	Mid
Federated Investors	A-	A+	C	Small
Heinz	B-	C	A-	Mid
IBM	B-	B-	A+	Mega
J2 Global	C	A+	C	Micro
Johnson & Johnson	B-	B+	A+	Mega
Lockheed Martin	A-	C	A-	Large
McDonald's	C	B-	A-	Large
Altria	A-	C	A-	Large
Microsoft	C	A-	A-	Mega
Noble Corp	A-	A-	C	Mid
Oracle	D	A-	A-	Large
Pfizer	C	B-	A-	Mega
Procter & Gamble	B-	B-	A-	Mega
Phillipine Long Distance	A-	A-	C	Mid
Raytheon	A-	C	B	Large
Taiwan Semiconductor	C	A-	A-	Large
Windstream	B-	B-	B	Mid

SFM ORIGINAL Model "25" Portfolio vs. A Relevant Benchmark

	SFM Model 25	S&P 500 Index
3 Month Return:	**8.1 %**	5.5 %
12 Month Return:	**29.4 %**	23.5 %
3 Year Average Annual:	**2.8 %**	**- 7.1 %**
5 Year Average Annual:	**4.7 %**	**- 1.6 %**
ROR Since 6/1/2003:	**15.7 %**	2.3 %

Commentary & Ramblings

by Joyce Pereira

Client Service Manager

I've never taken a big interest in making New Year's Resolutions, but I like the idea of thinking about a brand-new year and wondering what it will hold. Certainly there is value in revisiting our goals, and the start of a new year is a good time to evaluate those.

Moving ahead toward your financial goals in 2010:

If you have already defined where you want to go, you can plan the route and set the pace. Most of us have some short-term, mid-term and long-term goals. Maybe you are searching for the right insurance, wanting to get an advanced degree in order to pursue a new career, or to invest for your retirement in 20 years. By clearly defining what it is you want to do, you are defining what is important to you personally; and then with the help of a trusted investment advisor, we can assist you in making it a reality.

Staying focused takes discipline. There will be lean times and fat times during our journeys. You need to be prepared for the things you can't predict. Realize distractions are inevitable, and often goals will compete with each other and need to be rebalanced. This is where having well-thought goals will help you stay motivated and keep on track. Be careful not to lose sight of your big financial picture.

Long-term success involves risk and change. In order to reach your goals, sometimes you must increase your income or spend less. Perhaps you'll have to work a few years longer than you anticipated. You may have to make some changes in the way you currently spend your money. Decide what you can live without or postpone. Find easy ways to invest. Have your employer take a little extra out of your paycheck each month or sign up for monthly withdrawals from your checking account into your investment savings.

S.T.A.R. Program – Steadily Trying to Achieve Retirement If you have a hard time remembering to set aside a little money each month or foresee this being a challenge, we'd like to encourage you. In order to help you reach your goals, we are offering a new no-cost service called The S.T. A.R. Program. Through this, we will mail you (paper or electronically) a faux invoice each month reminding you to contribute money to your account. You have the freedom to decide if you will ignore the "invoice" or maybe even round up and send in extra money. So while you are paying your mortgage and utilities, go ahead and pay yourself. A little bit here and there adds up, and before you know it, you'll have something to show for your efforts and probably never even miss the money you've set aside. Let us know how much you'd like to invest each month, when in the month you'd like us to send your "invoice" and we'll take care of the rest. **To begin your participation in this free new program, simply email joyce@sommersfinancial.com, or call the office at (503) 397-1545 Mon-Thur, between 1 and 5.**