

October 11, 2011

To Our Valued Clients:

By any reasonable measure, the past three months have been among the gloomiest fiscal quarters on record for the investment markets. Is gloom and doom the real story about the economy, or is it a reflection of unfounded fear? The NumberNomics economic website notes that the U.S. gross domestic product (GDP), which is the broadest measure of economic activity, actually grew 2.3% for the past three months. This is a much faster growth rate than the anemic first quarter (0.4%) and the only slightly more-promising second quarter (1.3%).

Despite what you hear on the cable financial news channels, nobody really knows how long stocks will remain on sale or how long it will take for the global economy to finally sort itself out. We believe from past experience, however, that eventually the economy recovers from even the most severe shocks.

As you have no doubt noticed, we have made some significant changes in your portfolio in recent weeks. One of those changes was the addition of managed futures. Prior to this past spring, diversified managed futures were not available in a mutual fund format. The PlanFIRST Investment Committee spent countless hours researching these “new” investments to determine if they were appropriate and, if so, how much we should include in your portfolio.

We believe managed futures can play an important role in creating a well-diversified portfolio by investing in commodities futures (e.g., agriculture, energy, and metals) as well as financial futures (e.g., currencies, interest rates, and stock indices). There is a potential for positive returns in a variety of economic environments, because managed futures are globally diversified and have the flexibility to take long and short positions in these investments. Also, volatility of the portfolio is potentially reduced because managed future returns historically have a very low correlation to returns on stocks and bonds.

As an example, on September 22, the S&P 500 Index was down approximately 3.5%. On that same day, the Grant Park Managed Futures fund was up 0.30%, and the LoCorr Managed Futures fund was up 0.83%. As always, past performance does not guarantee future results.

I encourage you to call your advisor if you have any questions or concerns.

Best regards,



Mike Miller, CFP®