



Quarterly Investment Commentary *January, 2010*

It may be an interesting exercise to think back to less than a year ago, and how you were feeling about the economy and your own financial security. The economy was on the brink of collapse and market declines were the worst in over 70 years! Fear and despondency were the prevailing sentiments among individuals. Governments across the globe were in crisis mode, and in the midst of taking huge steps to mitigate the impacts of the recession and revitalize economies.

By now most of us are feeling a bit better, as the global economy is showing more and more evidence of improvement. The U.S. economy is in a period of economic expansion. Interestingly, what we all experienced just last year is beginning to fade from the collective conscience. Already, equities have staged a stunning recovery, and the actions taken by governments are being criticized as too vast and costly.

Investors were tested during the crisis. It was difficult, even for experienced and confident investors, to avoid feeling doubts about when markets would recover from the sharp declines experienced.

During the crisis On Course Financial Group stepped up communications to help provide appropriate perspective on the markets, and urge our clients to have confidence in their investment strategies. We did our best to reinforce the value of adhering to a disciplined investment process. Lately, we've heard many expressions of appreciation from clients, which we find very rewarding.

We do not believe the market is something you can second guess or control. In our financial planning, we stress the timing of goals and take measures to minimize the risk of needing to sell investments during a downturn.

This process places financial planning to meet your lifetime goal as the cornerstone of your investment plan, instead of the other way around.

Today's Market and Economic Perspective

The global repair process continues. The U.S. upturn appears to be proceeding at a pace somewhat faster than many economists were expecting just a few months ago. The U.S. recovery is outpacing the recoveries seen to date in other developed countries.

Key economic indicators, including new home sales, new home prices, durable goods orders, industrial production, consumer income, consumer spending, and government spending, are all up in the most recent periods measured.

Although there are areas of weakness in the economy, such as the household sector, small business, state and local governments, and construction, continued economic recovery in 2010 seems likely. U.S. corporations are well positioned to record sharp improvements in profits in the quarters immediately ahead, as many reduced costs and improved productivity during the downturn.

Economic challenges lie ahead for 2011, as individuals and families face potentially increasing tax burdens, and government responds to the need to rein in spending. Without action from Congress, the Bush era tax rates will revert to late 1990's levels.

Final Thoughts

We are very glad to have 2008 and early 2009 behind us. We know that every year the economy and markets will present new challenges, but hopefully we will be spared another crisis of this magnitude for some time.

On Course Financial Group is paying close attention to developments in income tax. We anticipate that tax planning will play a more important role in helping to meet personal goals, particularly for retirement income. We make tax planning a key focus of the work we do for our clients.

We continue to find that the biggest challenge facing individuals and families is planning for lifetime income in retirement. Our practice, and our area of specialization, continues to develop with a focus in this area.

Our business has benefited from a number of referrals from clients who recognize how we may be able to benefit someone who they care about. We are very appreciative of the confidence in us which this demonstrates, and encourage all our clients to help others get to know us.

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