

HWM ViewPoint



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Special Points of Interest

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- Think Long-Term, Stay invested

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Special Market Update October 8th, 2008

Once again we seem to be peering over a precipice in relation to the financial markets. There is uncertainty as the recent “**Bailout Plan**”, that it might work quickly enough to unfreeze global credit markets.

The real question of the day is, “**What should clients of Henry Wealth Management do?**” Please afford me a few minutes of your time to review what we can control, differences in investment style and some perspective.

What is Controllable

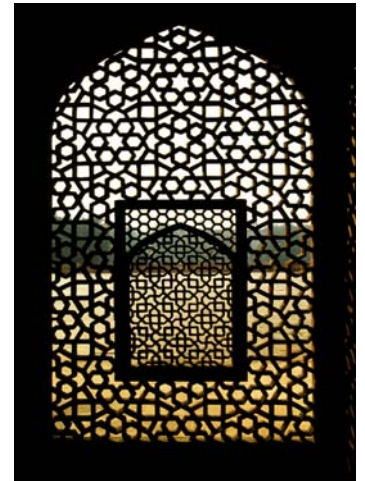
Let’s first talk about what is easy to do, that is...to JUMP! Seeking safer havens also results in temporary paper losses being converted into permanent real losses. Yet at least those who JUMP from the precipice then have the right to commiserate with other

naysayers, stating as a fact that “**stocks killed me!**” Yet was it stocks as the perpetrator, or was the **behavior** of the stockholder that inflicted the damage?

What is harder to do, yet far more logical is to back off from the edge, turn off (or at least mute) MSNBC, CNBC and CNN, take a few deep breaths, and attempt to become unemotional. While you and I cannot control the financial markets, here’s what we can control:

Control allocations:

We can control the percentage that we invest in equities verses fixed income instruments. This allocation needs to be part of a strategic long-term plan, not a short-term tactical reaction to make money or to cut losses short. It can be reviewed and altered, preferably based on goal changes, not based on events.



Control diversification:

We prefer to spread across many asset and sub-asset classes as opposed to concentrating on a handful of stocks or a narrow class of stocks.

Control rebalancing: We believe in rebalancing portfolios on an annual basis, simply to ensure that our allocation percentage goals remain intact. Rebalancing involves “buying” what has gone “low”, and “selling” what is “higher”. A simple example will suffice:

Assume your plan calls for 60% allocation to stocks and 40% to bonds. After a year, your allocation has migrated to 55-45. Rebalancing would “sell” 5% of bonds and “buy” 5% of stocks, to return to the desired 60-40 mix.



Market Update continued... “Controllables”

Use of Dollar-Cost-Averaging: Also known as systematic investing, **dollar-cost-averaging** invests a fixed dollar amount at regular intervals. Assume you are ready to invest \$500,000 of excess cash into a diversified portfolio. A lump sum investment plan would invest all funds at once, while a dollar-cost-averaging plan may invest \$50,000 per month for 10 months. If the prices of stocks and bonds go even lower, guess what...on each successive month, you would be purchasing more shares with your \$50,000 investment. If you are in a 401k plan and investing a portion of your paycheck each month, you are already dollar-cost-averaging.

Control Endurance: Meteorologists are trained to tell us what the weather will be. They have greater

accuracy with short-term forecasts than with longer ones. When we look at the financial markets, the reverse is true. It is much easier to gauge long-term expectations, using historical measurements, than to predict short term performance. Of course, no one can guarantee performance going forward. I am merely stating that over any historical period, volatility over the short-term (normally driven by events) seemed to settle down when measuring a long-term period. If you are a long-term investor with long-term goals and a plan to follow, then you should patiently endure downturns, even when they seem more like hurricanes than normal downpours. I am not suggesting that this is easy, especially when the financial news media is grabbing your attention with factual, yet sensationalized

headlines! Alternatively, if you are a short-term trader or employ the services of a broker who espouses trading (oftentimes on a commission basis) then have at it and good luck.

Control Distributions

Many of our clients need systematic distributions for necessary living expenses while others are forced to take withdrawals from retirement accounts to meet required minimum distributions. For those who can **reduce or eliminate portfolio withdrawals** during poor market periods, this is highly advisable.

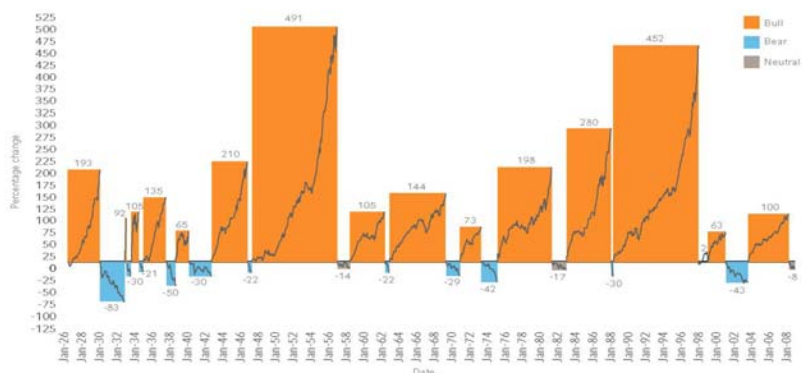
These “controllables” can and should be considered. They require planning, diligence and reassurance. I hope that you feel, at Henry Wealth Management, we are providing these ingredients.



Beat the odds by staying invested

May it be Black Jack, Roulette, or even the slots; the “House” always seems to win in Las Vegas. Fortunately, the odds are historically in your favor when investing in equities. The key, however, is to stay invested.

Historically, stocks go up higher and for longer periods in up markets than in down markets. The chart below shows the U.S. equity market (represented by the S&P 500) and cumulative returns for a number of periods, divided into up and down markets over the years from 1926 to May 2008. Up markets (orange areas) have gone higher for longer periods than their corresponding down markets (blue areas). The fact that there have been more robust bull markets than bear markets over the past 85 years should discourage any investor from fighting these odds by unwinding their asset allocation in a temporary downturn. One of the best ways to beat the odds over the long-term is to invest in a diversified portfolio of domestic equities, bonds, and foreign stocks—and stay invested. In other words, you have to know when to “hold'em”.



* Source: Russell Investments Canada Limited, S&P 500 Index.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Returns represent past index performance and should not be viewed as a guarantee of future index or investment performance. Indexes are unmanaged and cannot be invested in directly.

S&P 500 Index: An index, with dividends reinvested, of 500 issues representative of leading companies in the U.S. large cap securities market (representative sample of leading companies in leading industries).

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Market Update continued... “Getting out may mean missing out”

Stay in or get out?

So now that we have defined some critical “controllables”, you still seem nervous, and I understand. Please do carefully review the below illustration, prepared by John Hancock Mutual Funds, enti-

ted, **“Getting out may mean missing out”**.

Look at actual results of a \$100,000 invested in the S & P 500 Index as of 12-31-72. How would you feel as of 9-30-74, one and ¾ years later, with your account only worth \$57,357?

Would your choice then have been to state **“get me out”** and seek a “safer haven”, represented as a hypothetical 5% return, or would you **“stay invested”**? See the next page for the dramatic results.

John Hancock
MUTUAL FUNDS

Getting out may mean missing out

It is no surprise that uncertainty about the stock market has caused many investors to throw up their hands and scream “Get me out!” But moving what is left of your portfolio into a bank account or CD may not be the best strategy if you want to meet your long-term goals.

Consider what would have happened if investors in past periods of uncertainty bailed out after a significant decline and moved their money to an interest-bearing security.

Hypothetical investment of \$100,000 in the S&P 500 Index, beginning on 12/31/72

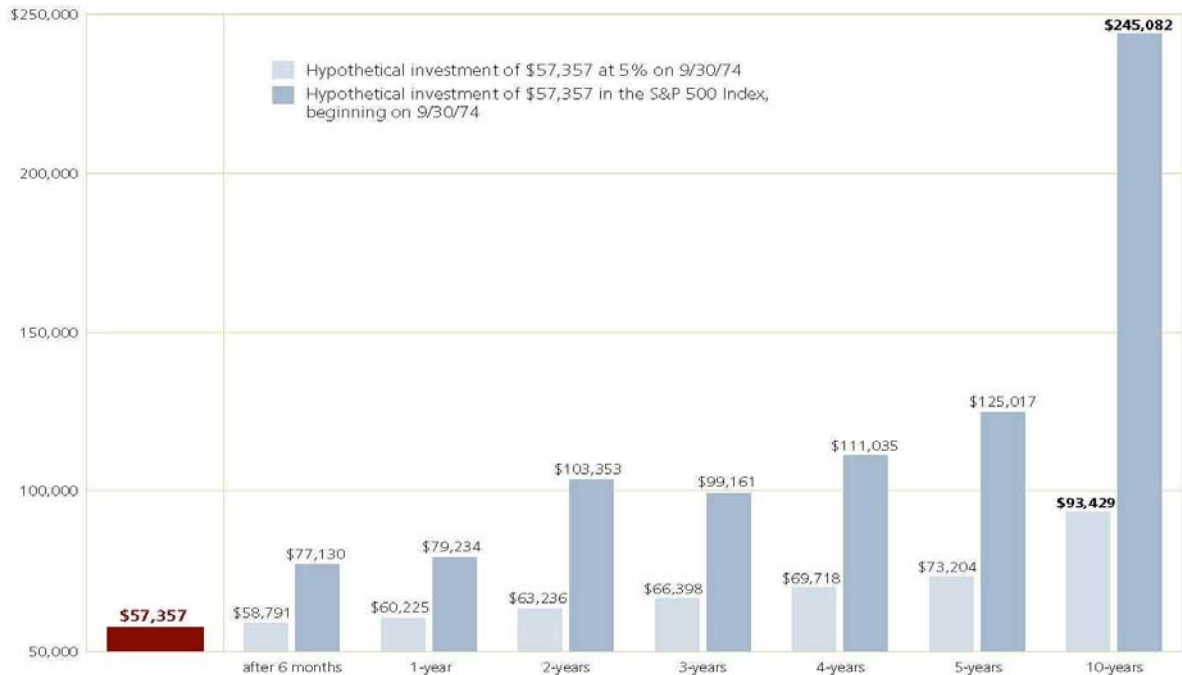


Past performance is not a guarantee of future results. This illustration does not reflect the performance of any John Hancock fund.

Source: John Hancock Funds, Lipper, Inc. The S&P 500 Index, an unmanaged index commonly used to measure stock market performance, cannot be invested in direct

Think long-term — stay invested

While getting out of the stock market may mean avoiding more down days, it also means missing out on the up days when the market bounces back. Investors who stayed invested even after the market's decline would have done much better in the long run.



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A fund's investment objectives, risks, charges and expenses should be considered carefully before investing. The prospectus contains this and other important information about the fund. To obtain a prospectus, contact your financial professional, call John Hancock Funds at 1-800-225-5291 or visit our Web site at www.jhfunds.com. Please read the prospectus carefully before investing or sending money.

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Finally

We hope to be visiting with many of you in the 4th quarter to review your individual plans and portfolios. We also wish to thank you for the numerous calls of support and encouragement that many of

you have placed during this period. The fact that our business relationship with many of you has extended into a personal friendship is deeply gratifying.

May God bless you, your families, and if I might add, our economy!

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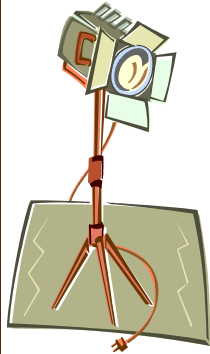


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Architects for Wealth



Spotlight On...

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In an ongoing effort to provide prompt and superior client service, we have implemented the **HWM Service Center** on our website, to serve as a communication portal between you and us.

While many clients prefer to speak with us for service-related issues, we know that a growing majority would prefer to quickly send requests to us for various items.

Presently, the **HWM Service Center** includes requests for account contributions, distribution, and contact changes and miscellaneous requests.

Please don't hesitate to call us for any service-related reason, but also feel free to visit www.HenryWealth.com and click on to the **HWM Service Center** as a

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Creating a successful financial future may be likened to the design, construction and conservation of an architectural masterpiece. At Henry Wealth Management (HWM), we assist our clients as their *Architects for Wealth*.

The financial architectural process employed by HWM includes:

- A thorough fact-gathering and goal-setting meeting.
- A creative, custom-made financial blueprint based upon each client's needs and goals.
- The implementation of a financial plan through our independent (not tied to any particular company, product or service) and fee-based (as opposed to commission or transaction-driven) approach.
- Ongoing review of plans and progress towards goals.

About Us

- Welcome Letter
- Our Associates
- Our Strategic Partners
- Our Services
- Our Location
- HWM DataPlan
- HWM Published Articles
- HWM ViewPoint Newsletter
- HWM PartnerView (For Clients Only)
- HWM Service Center (For Clients Only)**
- Tell A Friend

Learning Center

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Welcome to Henry Wealth Management, LLC

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HWM Service Center (For Clients Only)

In an ongoing effort to maximize our client service efficiencies, we have implemented this tool to assist in the communication portal between our firm and our clients.

On these forms, you will find quick and simple questions that will be required in order for us to promptly process your request. Answer the quick questions directly on your computer, click the "Submit" button at the top of the form, and hit send on the email page which pops up. Or, if more convenient, print the form, complete in dark ink and fax to our office at 412.838.0204. As soon as your request is received it will be processed and you will receive a confirmation via the option you choose on the form. If you experience any problems, please contact Amy Rhoads at our office for assistance.

Distribution Request Form - complete this form for a one time withdrawal request from your custodial accounts.

Systematic Distribution/Contribution Form - complete this form if you would like to set up automatic contributions from your checking account, or if you would like to set up systematic distributions from your custodial accounts.

Contact Change Form - complete this form if you have recently moved, changed employers, or have just updated your contact information. Also, you can complete this form if you only need to change the address of record on any of your custodial accounts.

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