Stanton & Castleton, Inc.

An independent firm

Let's Review: Our Monthly Newsletter……………01/01/09

This month:

We have never been so pleased for a year to come to an end. 2008 was hard for investors, employers, employees, retirees, governments and let's not forget advisors.

The final number for the S&P 500 Total Return index in 2008 was -37%. This was not quite as bad as Asia, Europe or Latin America all of which fell by more than 40% in 2008. (Hang Sang -48.27%, CAC-40 -43%, MSCIEF -55% 2008)

S&P 500 Chart 2008:

The equity market decline was only part of the story. In most portfolios we hold cash and bonds to counter balance the equities, especially during volatile periods. In 2008 these normally stabilizing assets behaved more like stocks. Money Market yields fell to under 1% as short term treasuries went to near zero, high grade corporate bonds, municipal bonds high yield bonds and even government agency bonds all fell dramatically in value during 08.

What can we expect in 2008? In our view markets often over react and make things appear much better or worse than "fair value" may indicate. During the good times we feel great, enjoying the increased net worth and project this wealth trend into the future. However, during the bad times we have the exact opposite view. In our models, we hold to the view that markets tend to "regress to the mean" and we believe the long term averages will return to their norm as market stability returns.

It is likely we will see the end of this recession in 2009 and even more likely we will read "it's over" well after the next economic recovery has begun. Our position is to continue to design portfolios with risk management as a core principal. We will continue to view this bear market as an opportunity to rebalance into the "optimum" allocation, being careful to stay diversified and invested to reap the positive benefits of an economic recovery. Riding out this global recession is tough, however we continue to believe that money put to work in the last quarter of 2008 and first half of 2009 may end up having the best returns of the decade.

Bob Stanton, ***Branch manager / Registered Principal:***

Joyce and I want to wish you all a very happy New Year! Ours will start off with Jordan's graduation and his official start as a U.S. Marine. His letters have all been positive and we are excited to see him again. We are taking the whole family so I will be gone a few days this month. Our last bit of great news was….Ethan and Cole have started back to school, so the fighting has gone way down in the Stanton home!

Ron Castleton, ***Branch manager / Registered Principal:***

Adam and Sean have both headed back to school and as Sunny says, "It's like getting rid of two bad house guests!" Ari gets to rule the roost while we breathe a very heavy sigh of relief! Happy New Year!

Charity Van Horn, ***Client Service Manager:***

Hi, I have extended my vacation….well I am headed back to school so I guess it will be longer than anyone thought. My time here has been great but 2009 is a time to grow…I hope to see you all sometime.

Bye for now…

This month "Financial Topic": One more cartoon!

"In the end, how your investments behave is much less important than how you behave."

Benjamin Graham
The Intelligent Investor

The Numbers:

Closing Values – monthly change / 12-31-2008

DOLLAR	stronger	**NASDAQ**	1,577.03	+41.46
10-YR YIELD	2.24%	**S&P 500**	903.22	+8.48
VOLUME	1,312,595,968	**DJIA**	8,776.39	-52.65

Numbers Provided by Standard & Poor's

(Referral Hotline: 877-975-0955)

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Manage……..Monitor……..Maintain

For a more in depth discussion on our services and approach to asset management…or if you would like to read past issues of our newsletter just click this link:

www.stantoncastleton.com