



An Independent Firm

661.837.8500
Fax 661.837.8926
1601 New Stine Road, Suite 180
Bakersfield, CA 93309
www.MennaCapital.com
larry.menna@raymondjames.com

We'll keep you on target... 

John & Mary Client
555 Anystreet
Anytown, CA 99999

RE: **Newsletter! November, 2009**

Dear John and Mary,

Seven months ago, almost no one wanted to buy stocks or homes for that matter. Today, it seems like almost everyone wants to buy.

Here are the stats so far:

Major Stock Indexes

Dow Jones Industrial Average	+10.67%
S&P 500 Index	+14.72%
NASDAQ Composite Index	+29.68%
Dow Jones Global Index	+24.40%
Russell 1000® Growth Index	+25.39%
Russell 1000® Value Index	+11.33%
(As of 10/30/2009)	

Major Bond Indexes

Barclays Capital U.S. Aggregate Bond	+6.23%
Barclays Capital U.S. Treasury - Intermediate (Total Return)	-0.71%
Barclays Capital U.S. Corp Bond	+17.93%
Barclays Capital U.S. Corp Bond Intermediate	+17.46%
(As of 10/30/2009)	

Lipper Mutual Fund Indexes

Large-Cap Growth	+23.70%
Large-Cap Value	+15.02%
Small-Cap Growth**	+21.92%
Small-Cap Value	+20.98%
International***	+27.46%
(As of 10/30/2009)	

Source: The Wall Street Journal and Barron's

*Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

Investments:

We started this year on a slippery slope. The market averages started moving up in January and then fear set in once again. The market started to slide and on March 6th, the Dow Jones Industrial Average* was at 6,443.27. Since that March bottom, the markets have made a giant leap forward.

**Dow Jones Industrial Average: Often referred to as the Dow, it is the best known and most widely reported indicator of the stock market's performance. The Dow tracks the price changes of 30 significant industrial stocks traded on the New York Stock Exchange.*

During all of this, we had conflicting media reports every day. They would bring a “bull” on the show and he or she would tell us that the markets would only go higher. 2 minutes later a “bear” would appear, telling us that the markets were set to fall to lower lows. Which one did you believe? Which one should you believe?

I think both sides have some good arguments, but after going through a “100 year storm,” including two bear markets in the same decade, it all boils down to the same old rules; if you stick to quality investments you will most likely be rewarded. If you buy junk, well, you get what you pay for.

In the midst of massive layoffs, falling home values and a slowing consumer, the bulls have proven the bears wrong, for now.

The biggest issues facing all of us really have nothing to do with the markets. It is our current political environment that is most worrisome. Our country can't afford to keep increasing the government payrolls.

I think the worst word I have ever heard from a Senator or Congressman is “revenue.” Yeah, they talk about taking our hard earned money in the form of taxes and cover it up by calling it “revenue.” The Government is not a business. It does not “earn” revenue. It takes money from you and I in the form of taxes. But every time they get on the air, you don't hear the word “taxes,” you hear “revenue.” Think about that. Remember that list we gave you in our last newsletter? Make some phone calls, let your voice be heard!

***If you can't find our last newsletter, it is available online at www.mennacapital.com. Click on “Newsletters” on the left hand side.*

Financial Planning:

How's your cash flow? We discussed this briefly in our May 2009 Newsletter. This question is just as important for retirees as it is for people saving towards retirement. As a retiree, with a probable smaller portfolio from which to draw from than a year ago, you may want to re-visit your expenditures and cut back a little to conserve cash while giving your portfolio time to re-build itself. For those of you still saving for retirement, the downturn should have provided an

opportunity to purchase more investment shares at cheaper prices. We call this dollar cost averaging. In investment management, we think dollar cost averaging is a great way to live with the ups and downs as it may provide a slight cost advantage over time.

The knee jerk reaction that happens to many people during market turmoil is to stop contributing to their investment accounts or to move over to cash and wait for a better time; usually after the market has made a major upward advance. It feels more comfortable. I'd like to use the housing market as an analogy: Right now, with real estate values down, many people are in bidding wars trying to get cheap real estate. Why is it so hard to buy stocks when they are cheap--think about March of this year. Psychology plays a huge part in investing. If you can manage the psychology you have the potential to succeed.

**Of course, dollar cost averaging does not assure a profit and does not protect against loss in declining markets. Since it does involve continuous investments in securities regardless of fluctuating markets, you should consider your willingness to continue purchases during market downturns.*

Now here is some important tax info:

If you have set up an estate plan, it may be a good idea to take out your estate documents and review them. This year the estate exemption is 3.5 million dollars. Next year it will be "zero." But in 2011 it may revert back to its year 2000 version which is the cause for concern. We won't know until Congress votes. Talk to your estate planning attorney about it.

For those of you who don't foresee the need to draw from your IRA or pension accounts and want to give a long lasting gift to your heirs, next year will provide a great opportunity to convert your IRA or a portion of your IRA to a Roth IRA. Yes, you will have to pay income taxes, but if your objective is to give the money to your heirs, in some cases the Roth IRA may be a good idea. Talk to your tax advisor about it.

***"The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. Any opinions are those of Laurence E Menna and not necessarily those of RJFS or Raymond James. Expressions of opinion are as of this date and are subject to change without notice. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein."*

Personal:

In late June, I attended the Raymond James regional conference in Orange County. There was a menu of training sessions to choose from. Many of the sessions included portfolio management techniques and financial planning topics. One thing 13 years in this business has taught me is that there is always room to learn more. One of the better sessions I attended was an all day practice management session. I was able to learn some new ideas to make our office more efficient and I hope to incorporate some of those ideas into our practice to give you a much better level of service.

In July, Judy and I competed in the San Francisco Marathon. We chose the first half which included most of the hills. The course ran mostly along the shore and I was more worried about the cold weather than the hills.

Once we reached the starting line, we found that it wasn't too cold and the run would be pretty comfortable. We actually completed the race in our fastest time ever. The only downside to the event was that the city was very crowded, and it seemed like every place we went had a long line. I thought there was a recession?

Tori started her junior year in high school. How time flies! I think the first time I mentioned her in my newsletter she was only eight years old. Her leg has healed fairly well but there may be some more work ahead--more on that later. On the weekend before my birthday, Tori made homemade pizzas. She is becoming quite the chef! Judy invited some of our friends and relatives and we all had pizza and celebrated my birthday early.

Judy surprised me with tickets to see U2 for my birthday. So in late October, Judy and I went to the Rose Bowl to see U2 in concert. It was an amazing event, over 96,000 people. It was pretty easy getting in because we got there early and we took a shuttle, but getting out was another story--we ended up walking back to our car about a mile and a half away.

U2 puts on a fantastic show. The group always makes it a point to try to improve our world. They are always pushing to help less fortunate people. I think they are truly one of the best bands around.

My family and I thank you for your confidence in us. Please call me if you have any questions or concerns.

Warmest regards,

A handwritten signature in black ink, appearing to read 'Laurence E Menna', with a long horizontal flourish extending to the right.

Laurence E Menna
Financial Planner

**Please note that all indices are unmanaged and are not available for direct investment. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns.*

Dow Jones Industrial Average - Often referred to as the Dow, it is the best known and most widely reported indicator of the stock market's performance. The Dow tracks the price changes of 30 significant industrial stocks traded on the New York Stock Exchange.

The **S&P 500** - is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market.

The **NASDAQ** - composite is an unmanaged index of securities traded on the NASDAQ system.

The **Dow Jones Global IndexSM** - is a broad yet investable measure of the global stock market. It targets 95% coverage of markets open to foreign investment. The index currently tracks 51 countries, including 25 developed markets and 26 emerging markets.

Russell 1000® Growth Index - The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

Russell 1000® Value Index - The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

Barclays Capital US Aggregate - Covers the US investment grade fixed rate bond market and consists of components for government and corporate, mortgage pass through, and asset-backed securities. Must be rated investment grade or higher by at least two of the following: Moody's, S&P, or Fitch, have at least 1 year left to maturity and an outstanding par value of at least \$250 million. Security representation would be those that are SEC-registered, taxable, dollar denominated, non-convertible, and fixed rate.

Barclays Capital US Treasury – Intermediate (Total Return) - The index is market value weighted and measures the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 year and less than 10 years and \$250 million or more of outstanding face value. The index has an average maturity of approximately 4 years and is reconstructed monthly. This index reinvests dividends into the index value.

Barclays Capital US Corp Bond – The index covers all publicly issued, fixed rate, nonconvertible, investment grade corporate debt. Issues are rated at least Baa by Moody's Investor Service or BBB by Standard & Pools.

Barclays Capital US Corp Bond Intermediate – The index covers all publicly issued, fixed rate, nonconvertible, investment grade corporate debt. Issues are rated at least Baa by Moody's Investor Service or BBB by Standard & Pools with securities in the maturity range (from 1 up to (but not including) 10 years).

Large-Cap Growth Funds – Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) above Lipper's UDSE large-cap floor. Large-cap growth funds typically have an above-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

Large-Cap Value Funds – Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) above Lipper's UDSE large-cap floor. Large-cap value funds typically have a below-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

Small-Cap Growth Funds – Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) below Lipper's UDSE small-cap ceiling. Small-cap growth funds typically have an above-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SmallCap 600 Index.

Small-Cap Value Funds – Funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) below Lipper's UDSE small-cap ceiling. Small-cap value funds typically have a below-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SmallCap 600 Index.

International Funds – Funds that invest their assets in securities with primary trading markets outside of the United States.