Kibble & Prentice
A USI Company

The Lost Decade?

Sound Investment Advice and Cost-Efficient Wealth Management

Throughout much of 2009, many stock market pundits were quick to point out that the 2000s were a "Lost Decade" for equity investors. A simple calculation of returns would seem to prove them correct. An investment of $100,000 in an S&P 500-tracking index fund on January 1, 2000 would have been worth roughly $89,100 by mid-December 2009, before inflation. However, as the data below shows, many asset classes had strong, positive returns for the same 10-year period.

At Kibble & Prentice, we believe that a carefully constructed, tax-efficient and well-diversified portfolio is the key to minimizing overall portfolio risk and increasing the likelihood of meeting your financial goals in any market cycle. We utilize a variety of low-cost investment vehicles to provide the appropriate exposure to many asset classes, such as those listed below. Our investment philosophy is passive in nature and is based on extensive academic research and decades of capital markets data.

BENCHMARK: RETURN THROUGH DECEMBER 2009 (NOT ANNUALIZED IF LESS THAN ONE YEAR)

	1 Year	10 Years
Dow Jones Wilshire REIT	28.60%	10.68%
MISCI EM (Emerging Markets)	79.02%	10.11%
Russell 2000 Value	20.58%	8.27%
Barclay's US Aggregate Bond Index	5.93	6.33%
Barclay's US Municipal Bond	12.91%	5.75%
Russell 2000	27.17%	3.51%
Russell 1000 Value	19.69%	2.47%
MISCI EAFE Index	32.46%	1.58%
S&P 500 Index	26.46%	-0.95%
Russell 2000 Growth	34.47%	-1.37%
Russell 1000 Growth	37.21%	-3.99%

INVESTING DISCIPLINE: THE IMPORTANCE OF THE INVESTMENT POLICY STATEMENT

In addition to utilizing passive investment vehicles, we also believe strongly in the Efficient Markets Hypothesis. While the explanations of this hypothesis can become complicated, the result for us is not; we do not attempt to time the markets and we believe capitalism works. While millions of investors piled into money market funds or treasury bills yielding close to 0% in early 2009, Kibble & Prentice recommended clients to rebalance into the most out of favor (and cheap) assets:stocks. This unemotional response to market behavior is a result of the Investment Policy Statement (IPS) each Kibble & Prentice client signs when he or she works with our firm. The IPS clearly specifies the client's asset allocation and does not change based on the news of the day.

COMMUNICATION: HOW OFTEN DID YOU HEARD FROM YOUR ADVISOR LAST YEAR?

At Kibble & Prentice, we make client service the prime focus of our business. We recognize that clients can feel a tremendous amount of anxiety during times of economic turmoil. We stay engaged with every client and realize that it is when times are difficult that our clients need to hear from us most.

The Kibble & Prentice Private Client Group is an independent, fee-based Investment Advisory firm. Several members of our group have been voted "Five Star" wealth managers by *Seattle Magazine* and our firm was named one of the top 50 investment advisors by *Fortune Magazine* in 2007. Our fees are transparent, and generally lower than our competitors.

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