

# **Happy New Year**

From everyone at

## **Kiely Wealth Advisory Group**

Happy New Year! As we turn the calendar on 2010, we look back at another year of market volatility that ended far better than it began. To say the world economy is in a much better place than it was two years ago, would vastly understate how far we've come. At this point, the economy and our financial markets are greatly improved. In fact, corporate profits are close to all time highs!! If we have the courage to meet the current economic challenges head on and are able to find reasonable solutions, we could continue to see positive growth in the global economy for some time to come. On the other hand, failure to adequately address these issues could be costly, resulting in economic stagnation and sluggish financial market performance.

### **The Numbers in 2010**

For the year, the S&P 500 (large company stocks) increased 12.78%, while the Russell 2000 (small company stocks) grew 25.3%. It was another solid year for our markets. This increase was primarily driven by three factors. First, companies continued to cut costs and increase efficiency. Second, companies continued to embrace global markets over domestic markets. Finally, the economy continued its surprising growth and revenues increased – in most cases exceeding consensus estimates. This is all fairly typical after a recession and one could argue that the current economic recovery is following a similar path to most economic recoveries. If true, this bodes well for patient investors.

### **The Numbers Dissected**

In the forthcoming newsletter (and during our January client appreciation dinners), we will review 2009 and 2010 in depth and discuss the many challenges that lie ahead in 2011. We believe there will continue to be excellent investment opportunities for patient, rational investors. We also believe that our time tested,

evidence-based approach to investing will continue to thrive going forward. Early in 2009, we argued that the many challenges investors faced would also be accompanied by unique investment opportunities. We were right and were able to capitalize on those opportunities by purchasing underpriced fixed assets. Going forward, we believe unique opportunities will continue to exist for patient investors and we will continue striving to identify and capitalize on them for our clients.

### **Moving Ahead**

Over the past year, we have spent a great deal of time reviewing our funds and managers and thinking about the best way to position our client portfolios. Over the next month or so, we will be rebalancing our portfolios to make sure they are well positioned for the coming year. We have a strong core of fund managers that we believe will serve us well in the years ahead, but we never stop looking for ways to improve our core portfolios or to augment (and compliment) our core portfolios as unique opportunities arise. One advantage to volatility is an increased opportunity to acquire assets “on sale.” In this new world where bubbles and busts have seemingly become the “norm”, such opportunities will become ever more frequent. Which is all the more reason to focus on managers with long histories of success across a wide variety of economic environments.

### **Common Sense Rules for the Day**

For most of our clients, the best advice continues to be to simply follow the same proven investment strategies we’ve been using for two decades. We’ve extensively studied how markets behave after dips and the evidence is both compelling and irrefutable. Economies do eventually recover after slowdowns and markets do bounce back, often dramatically. As we’ve stated before, we believe the best way we can help our clients is to help keep them focused on what matters and by helping them avoid emotional decision making. We’ll go into more detail on this in the year-end newsletter, but we continue to believe that

investors who maintain a long-term focus and avoid giving in to their emotions in this environment will be handsomely rewarded.

### **Our Annual Client Appreciation Dinners**

As always, we invite all our clients to our year-end client appreciation dinners in January. Please look for your invitation in the mail within the next few days. During these dinners we will discuss our core strategies; examine the state of the economy; and identify potential economic pitfalls that could occur over the next few years. We will also examine our managers, both new and old, and take a look at their views on economy. Finally, we will discuss some strategies to take advantage of the near certain “bubbles and busts” that will occur over the coming years ahead and why we continue to believe our best years are ahead of us.

So please come enjoy a casual meal, listen to our educational message and ask as many questions as you’d like. As always, please feel free to bring along any friends or relatives who may be interested hearing what we have to say. (Please RSVP to our main office in Greenville today at 877-366-5623 or email Kristen at [kbelow@thekielygroup.com](mailto:kbelow@thekielygroup.com) ).

**Monday, January 24, 2011 | Sunset Beach, NC – Sea Trail Conf. Ctr. |  
6:00 PM to 8:30 PM**

**Tuesday, January 25, 2011 | Greenville, NC - Brook Valley CC |  
6:00 PM to 8:30 PM**

**Wednesday, January 26, 2011 | Asheville, NC – Asheville CC |  
6 PM to 8:30 PM**

### **Please Stay in Touch**

As usual, if you have any questions about our updates, our newsletters, our managers or your accounts, please feel free to call or send us an e-mail. We thank you for your continued confidence in our firm. We look forward to seeing all of

you at our dinners and appreciate the many recent referrals. Please know that we remain 100% committed to your financial well-being.

Happy New Year!

**- Joe and the Gang at The Kiely Group**

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