

## Annual Letter to our Clients

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In 2008 we wrote to our clients during the height of the financial crisis trying to reassure investors of one thing – the world wasn't coming to an end, and that the volatile markets that had become commonplace, would eventually calm down. We write to you today, just to say 'thank you' for staying the course and believing that things would eventually improve.

Seeing a marked improvement in account balances leads people to question whether or not it's time to make large changes in their portfolio. Markets are rarely easily navigated on a daily basis, and adding extreme amounts of volatility during such periods can make those decisions even more difficult.

We write this letter knowing that the investment landscape has changed. Major institutions have sought bailout partners, and the Federal Reserve has added record amounts of liquidity to the financial system. Was this needed and necessary? We think, solidly, yes.

As we've seen, markets can, do, and will recover from crises such as the one faced in 2008 and 2009. As Warren Buffett has said, 'you need to be fearful when others are greedy, and greedy when others are fearful'. Understanding that long-term portfolio values are driven more so by our own actions rather than by the performance of our investments can place even more pressure on the investor during periods of uncertainty. We understand that you have entrusted the stewardship of your funds to our firm, and are open to any discussion you would like to have.

We are pleased with the turnaround in the markets, and understand that watching markets move through the 'downs' of a market cycle isn't fun for anyone – it is clearly unsettling. But, understanding that the recoveries can be just as powerful on the upside is an equally important distinction during times such as these. Our firm recognizes that a \$1 lost, is far more painful than the pleasure of a \$1 gained. As a firm that is built on our history as advisors we are keen to the thought that there is a common thread observed through both *past* and *recent* market declines. While asset allocation, in principal, is still an appropriate strategy, 'hope' is not. We recognize clients' sensitivity to future losses, and would be happy to discuss our process to be more sensitive to market movements in the future. As mentioned last fall, we are committed to our investment process and the managers we select for your portfolio while making adjustments where necessary.

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*Old Mission Client Letter, 2010 - Continued*

The markets are coming off of one of the worst 10-year periods in recent history. Markets rarely continue down this path. Corporations, both large and small, make the necessary adjustments to improve balance sheets with the ultimate objective of regaining prospects for growth. In essence, the changes that *need* to be made, both in policy and practice, *are* being made. The business cycle will continue. We doubt that the next 10-year period will be as poor as the prior period, and believe that the markets will have a tendency to revert to a more 'normal' pattern of delivering positive returns for stock and bond investors.

If you ever have any questions concerning any element of your portfolio or to discuss our thoughts on 'what's next', please feel free to contact us at your convenience. We also update our website, [omico.net](http://omico.net), at regular intervals to share our thoughts in addition to the research of our other business partners for your review.

Again, thank you for your business. As we enter a new decade, we assure you that we will continue to keep our organization focused on doing our jobs better each and every day. That means learning from periods of challenge and never forgetting the key importance of providing quality wealth management and advisory services to our clients.

Very truly yours,

*Old Mission Investment Company, LLC*

