

April 2008

Dear Clients & Friends:

Definite signs of spring are in the air! As is customary in our periodic letters to you, we would like to address current market issues, share some useful information, and bring you up to date with PFPG news.

### FINANCIAL MARKETS

In the past 25 years, U.S. investors have experienced five “bear markets”—defined as periods in which the S&P 500 Index fell from peak to trough by at least 15%. As shown below, the bear markets have ranged widely in length and severity:

<i>Peak Year</i>	<i>Decline</i>	<i>ths to Return to Peak:</i>
1987	(33.5%)	22
1990	(19.9%)	7
1998	(19.3%)	5
2000	(49.2%)	81
2007	?	?

In prior bear markets, it took on average 29 months for the S & P to fully recover. Since the current bear market began in October '07, the S&P 500 Index has declined as much as 18.6%. The Federal Reserve's stabilizing efforts have helped to regain some lost ground, but as of mid-April the S & P remained 11% below the October 9 peak.

Diversification is the best methodology for successfully riding out these storms, as we have seen with clients who hold well-diversified portfolios. While it is true that small-cap stocks, international stocks & real estate funds have also incurred sizable losses, above-average returns for high quality bonds have helped to temper the blow. Furthermore, real estate funds have rallied in recent months.

The turmoil has highlighted the importance of keeping one's financial house in order. Favoring traditional mortgages, minimizing consumer debt, saving regularly, spending less than you earn, living below your means, and diversifying your portfolio are the keys to success. Minimizing stress by limiting your exposure to media headlines about the market is good for your health and your portfolio because you will be less tempted to make reactive decisions that prove negative in the long run.

### SPENDING AND LENDING TIPS

*O Magazine* recently compiled a list of money-saving tips, and we'd like to pass on a few of the best ones. (1) Early morning is the best time for finding a low airfare, before offices open on the East Coast. Saturday departures are often cheapest. Monday mornings and Thursday evenings are prime travel times for business travelers and tend to be more expensive. (2) If you don't have a discount coupon in hand when shopping online, check out [www.retailmenot.com](http://www.retailmenot.com), which has links to hundreds of online store savings codes and tracks which ones work. (3) Save on computers, electronics, and appliances by going for

“factory refurbished” items that have been returned and repaired for resale. Checking the manufacturer’s website may find you a refurbished item that also comes with a warranty. (4) Need a virtual concierge? Try dialing 1-800-GOOG-411 and tell Google what kind of business you want and where you want it. Google’s computer will give you a list of businesses in the area. “Bicycle shops in Kankakee, Illinois” yielded a list of eight area selections.

Though we associate AARP with discounts, a recent article in *BusinessWeek* examined costs for AARP offerings in life insurance, mutual funds, and immediate annuities, and concluded that most people can find significantly better deals elsewhere. AARP can potentially provide good value for Medigap health insurance policies, and on life insurance for individuals in poor health who might not be able to get insurance (less health information is requested). Even so, it still pays to comparison shop.

Inundated with mail-order catalogs? We’ve learned of a website, [www.catalogchoice.org](http://www.catalogchoice.org), which allows you to decline delivery of catalogs that you may not want. After registering (free), you can choose from hundreds of catalogs and indicate that you no longer wish to be included on their mailing list.

If you are thinking about lending instead of spending, take note of a new development geared towards intrafamily loans. Online organizations now can provide documentation, servicing, and a formal structure for the repayment of loans between family members and friends. These can include personal loans, mortgages, and business loans. Optional credit reporting of such loans can also provide an incentive for the payer to make payments on time, and the properly documented repayment of a family loan can enhance the payer’s credit rating. If you would like to learn more, call us for further information.

#### PFPG NEWS

In May, Brian will attend the CFA (Chartered Financial Analysts) Institute meeting in Vancouver, whose organizing theme is “Investment Management in the Global Economy.” He hopes to gather nuggets of wisdom from such luminaries as Stephen Levitt (*Freakonomics*), Burton Malkiel (*A Random Walk Down Wall Street*), Nassim Taleb, and Jason Zweig.

PFPG legs will be put to use bicycling for worthy causes this summer. Brian will continue his annual commitment to the American Lung Association of Maine by cycling in the *Trek Across Maine: Sunday River to the Sea* on June 13 – 15. On August 2 – 3, Tom will participate in *MS 2008: Bike to the Breakwater*, a fund-raising event for the National MS Society, Maine Chapter. To learn more about these organizations or to be a sponsor for Brian or Tom, visit the links posted on [www.pfpg.com](http://www.pfpg.com) in the “Community Involvement” section.

Debra, Tom, and Brian recently celebrated the end of Debra’s first year at PFPG. We each feel fortunate to be a part of the PFPG team.

We wish you all the best.



*Information contained in this newsletter does not serve as the receipt of, or as a substitute for, personalized investment advice from Portland Financial Planning Group, LLC. At any time you may request a copy of our current written disclosure discussing PFPG’s services and fees.*

Suite 814  
477 Congress Street  
Portland, Maine 04101

Phone (207) 771-8821  
Fax (866) 855-8210

[www.pfpg.com](http://www.pfpg.com)