Chase, Thomas, & Peters

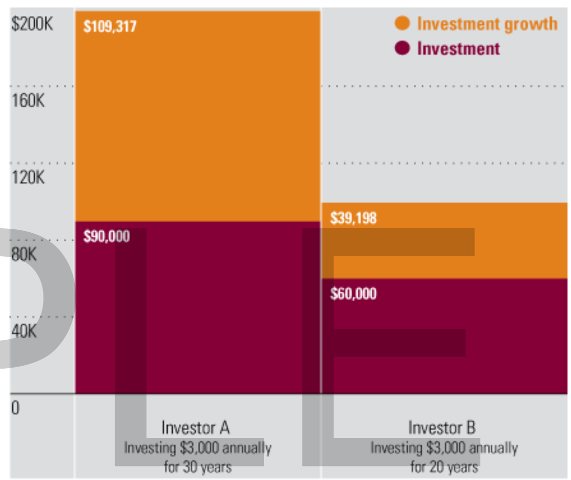
May 2011 | Vol. No. 1 | Investment Updates

The Costs of Financial Procrastination

Retirement usually doesn't start until you're in your 60s but there is a good reason to start saving much sooner. The earlier you contribute to your nest egg, the more time your portfolio will have to grow in value.

The image illustrates the ending wealth values and effects of compounding of two investment portfolios. Consider two hypothetical investors who begin investing $3,000 at an average annual rate of return of 5%. Investor A invests $3,000 for a 30-year period, which results in an ending wealth value of $199,317. On the other hand, investor B invests $3,000 for a 20-year period, which results in an ending wealth value of $99,198. Investor A invested an additional $30,000 compared to Investor B. However, a large difference in the ending wealth value can be attributed to the compounding effect of the $30,000 for the additional 10 years. In other words, your dollars saved now will be worth a lot more than your dollars saved in retirement.

The Effect of Compounding



Source: This is for illustrative purposes only and not indicative of any investment. The image represents a hypothetical rate of return of 5%. The values represented do not account for inflation or taxes. Past performance is not a guarantee of future results. The opinions herein are those of Morningstar, Inc. and should not be viewed as providing investment advice. Please consult with your financial professional regarding such services.

A Message from Chase, Thomas, & Peters

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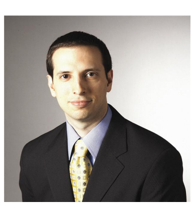

John Doe, CFP®
Vice President
johndoe@ctp.com
(310) 555-1212
www.chasethomaspeters.com

We hope you enjoy the Chase, Thomas, & Peters monthly newsletter, and share it with friends and family. Please feel free to let us know of any future topics you would like covered! Thank you for taking the time to review your financial health with us!

Market Performance
1/1/2011 – 1/31/2011
S&P 500 ^3%
DJIA ^1.5%
NASDAQ ^2.2%

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Closed-End versus Open-End Funds

The general term “mutual funds” usually refers to investment vehicles more specifically known as open-end mutual funds (the “mutual funds” denomination has become so mainstream that the open-end classification is commonly omitted). However, there exists a second mutual fund category identified as closed-end funds. This category is lesser known and much smaller: Closed-end funds total only $216 billion in net assets, compared to $8.4 trillion for open-end funds. Three important differences between these two categories of mutual funds are outlined below.

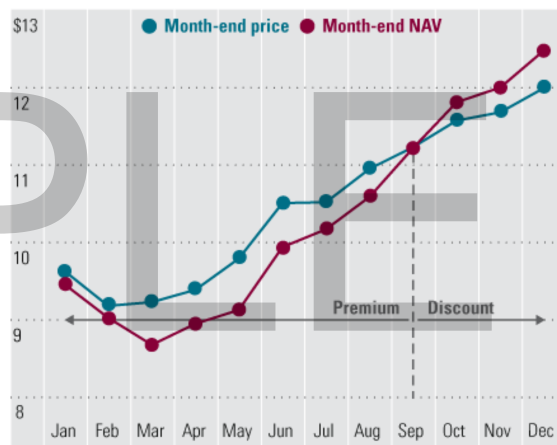
1.Share issuance: Open-end funds can issue an unlimited amount of shares and then redeem them on demand. Closed-end funds generally issue a fixed number of shares at inception in a process known as an initial public offering (IPO). These shares are then traded on an exchange, similar to stocks. A closed-end fund can issue new shares after the IPO, but this is rare. A closed-end fund can, if it chooses, convert itself to an open-end mutual fund and issue an unlimited number of shares.

2.Share transactions: Shares of an open-end mutual fund can be purchased directly from the fund at any given time. An investor can go directly to the fund company and buy shares, or sell shares back to the fund if he or she already owns them. In contrast, closed-end fund shares trade on an exchange, like stocks, and are normally purchased through a broker, who charges a commission. Closed-end shares can be bought and sold during normal market hours and, as a consequence, their market prices also fluctuate throughout the day. Open-end shares are only priced once a day at market close.

3.Share price: The price of open-end fund shares is equal to the net asset value, NAV (the value of all the fund’s assets divided by the total number of shares). For closed-end funds, it’s not that simple. Since closed-end funds are traded on an exchange, prices are established by the market, and shares can trade at prices different than the fund’s net asset value. If the price is higher than the NAV, shares are said to be trading at a premium—investors are willing to pay more than the fund is really worth. Conversely, if the market price is lower than the NAV, the fund is trading at a discount. This can be considered an advantage of closed-end funds over open-end ones: who wouldn’t want to buy something at a price lower than its true value?

The image shows how month-end price and net asset value can fluctuate for a hypothetical closed-end fund. From January through September, the fund's market price is higher than its NAV; the fund is trading at a premium. From October through December, however, the situation is reversed and the fund is now trading at a discount.

A Closed-End Fund Can Trade at a Premium or at a Discount



Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. The closed-end fund represented in the image is a purely hypothetical example and does not represent an actual fund. The investment return and principal value of mutual funds will fluctuate and shares, when sold, may be worth more or less than their original cost. Closed-end funds are subject to unique risks, most notably liquidity risk. **Holding a portfolio of securities for the long term does not ensure a profitable outcome and investing in securities always involves risk of loss. Mutual funds are sold by prospectus, which can be obtained from your financial professional or the company and which contains complete information, including investment objectives, risks, charges and expenses.** Investors should read the prospectus and consider this information carefully before investing or sending money. Total net asset values from Morningstar's database as of April 27, 2011.

The Big Picture

The United States has long been the focal point of the global economy. However, investors should consider venturing beyond the U.S. for additional investment opportunities, growth potential, diversification benefits, and possibly an improved risk-and-return tradeoff, to name a few. International markets account for a large proportion of the world's available investments and offer a distinctly different set of investment opportunities than domestic markets. In addition, some international economies are growing at a significantly faster rate than the U.S. economy.

Despite the healthy economic growth of foreign markets, along with their outperformance when compared with the performance of the U.S. market, many investors still shy away from taking advantage of international opportunities. Consequently, they fail to experience the potential growth that is made possible through global investing. What many investors overlook is the possibility for overseas investments to bring stability and diversification to their investment portfolios.

The image presents the three best-performing developed-nation stock markets worldwide (out of a total of 23 countries) on an annual basis compared with the U.S. over the past 10 years. When compared with developed stock markets, the U.S. market has rarely been the top performer in any given year. In fact, the rank of the U.S. market has been toward the bottom during most of the years examined except for 2008 and 2010. For example, the U.S. ranked 7th in 2010 and 3rd in 2008, but 19th in 2009 and 18th in 2007. Actually, the U.S. finished in the top ten only three times during this past decade.

In fact, it seems that whenever the world equity markets generally experienced a prosperous year, the U.S. market was not among the top performers. With world equity markets down drastically in 2008, the U.S. actually ranked 3rd behind Japan and Switzerland, but fell to 19th place again as markets rebounded in 2009.

It is rare to find any single market that has performed consistently among the top markets. With it being nearly impossible to predict which markets will be top performers in any given year, it may be wise to hold a portfolio that is diversified across several countries. While all stock markets experience ups and downs, these fluctuations may occur at different times for different markets. Furthermore, the independent movement of global markets has provided considerable diversification benefits when held in combination with U.S. investments.

By looking at the big picture and taking advantage of op¬portunities abroad, investors may experience higher returns than if they were invested solely in the United States. However, holding a diversified portfolio (both in U.S. and international markets) may be the best way to protect against global market fluctuations and risk.

Growth Through Global Investing

	1st	2nd	3rd	USA rank
2010	Sweden	Denmark	Hong Kong	7th
2009	Norway	Australia	Singapore	19th
2008	Japan	Switzerland	U.S.	3rd
2007	Finland	Hong Kong	Germany	18th
2006	Spain	Portugal	Ireland	22nd
2005	Canada	Norway	Japan	19th
2004	Austria	Norway	Greece	22nd
2003	Greece	Sweden	Germany	22nd
2002	New Zealand	Austria	Australia	18th
2001	New Zealand	Australia	Ireland	8th

This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results. All returns were calculated in U.S. dollars. Returns and principal invested in stocks are not guaranteed. International investments involve special risks such as fluctuations in currency, foreign taxation, economic and political risks, and differences in accounting and financial standards.

Source: Equities for each country are represented by Morgan Stanley Capital International Indexes and the U.S. stock market by the Standard & Poor's 500®, which is an unmanaged group of securities and considered to be representative of the stock market in general. Developed countries in this analysis include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom, and the United States.

How to Choose a Financial Advisor

Choosing a financial advisor is a process that must be conducted with the utmost care and only after meticulous planning. After all, this will be the person managing your life's savings, your retirement portfolio, or your children's college money. While referrals from trusted friends or loved ones are usually one of the safest ways to find a good advisor, that path might not be available to everyone. Those looking for a financial advisor might want to follow the steps below.

First of all, beware of investment gurus who promise that by using their "secret method" you will be able to beat the market by some ludicrous amount. If it sounds too good to be true, it probably is. Look for reliable credentials, such as the Certified Financial Planner (CFP), Chartered Financial Analyst (CFA), or Chartered Financial Consultant (ChFC) designations. These certifications require passing a series of exams and a certain number of years of experience in the financial field. A Registered Investment Advisor (RIA) must file Form ADV with their state or the Securities and Exchange Commission—ask to see it. It will show the planner's professional history and any legal problems their practice has had.

Once you ensure an advisor's legitimacy, you can start the interviewing process. The National Association of Personal Financial Advisors' Web site has an excellent questionnaire called "The Comprehensive Financial Advisor Diagnostic" that you can use to interview potential planners. Ask about track record, past performance and experience, fees, and commissions.

Also, ask the financial professional what type of clients he or she sees most often to determine if the other clients' financial situations are similar to yours. You can ask to speak with some of these clients as well—are they satisfied with the way the advisor handles their finances? Your financial advisor will have to be someone you can trust and whose skills are a good fit for your financial needs.

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John Doe, CFP®
Vice President

1785 Reading Road
5th Floor
Chicago, Idaho 60602

johndoe@ctp.com
www.chasethomaspeters.com

Tel:(310) 555-1212

April Newsletter from XYZCo

Link Junk Move Categories Projects

From: joesmith@morningstar.com (sent by NBUSER <NBUSER@morningstar.com>)
Date: Thursday, April 21, 2011 12:20 PM
To: Abby Magen <ABBY.MAGEN@morningstar.com>
Subject: April Newsletter from XYZCo

Attachments: Newsletter.pdf

Newsletter.pdf 541 K

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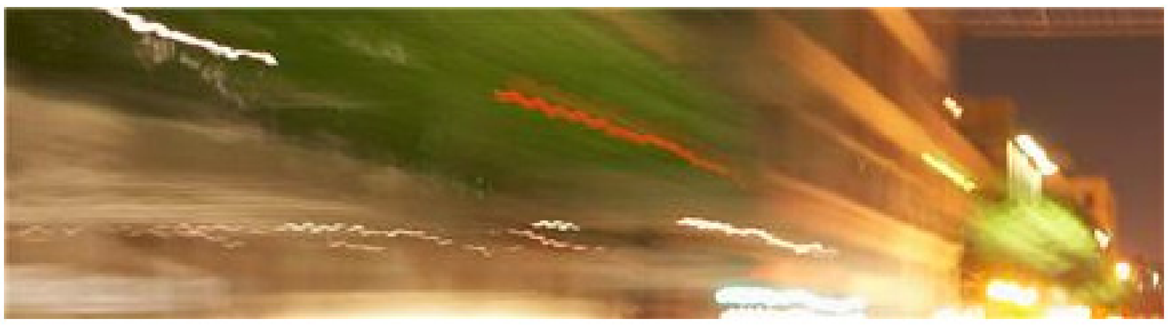
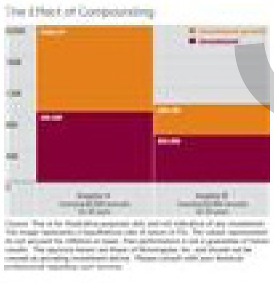


This the Chase, Thomas, & Peters monthly newsletter, ENJOY!

Chase, Thomas, & Peters strives to keep you informed with the most relevant and up to date market events that you and your family should be aware of. Feel free to pass along these insights with friends and family. Enjoy!

Chase, Thomas, & Peters

May 2011



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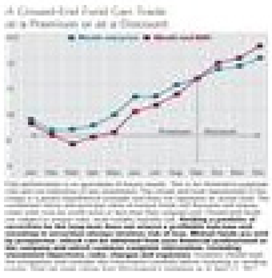

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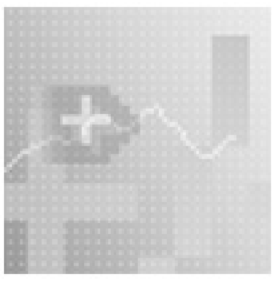

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John Doe, CFP®
1785 Reading Road 5th Floor
Chicago, ID 60602
Vice President
johndoe@ctp.com
(310) 555-1212
www.chasethomaspeters.com

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