



## SHARKEY, HOWES & JAVER, INC.

PERSONAL FINANCIAL MANAGEMENT

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### “A Pleasant Surprise”

The crisis and bear market preceding this present recovery has been deeper, broader and more damaging to both asset values and investor psychology than any we can remember in recent years. While 2009 certainly started out like a hungry lion ravaging markets through early March, it ended with a great rally and provided a much better return than we might have expected.

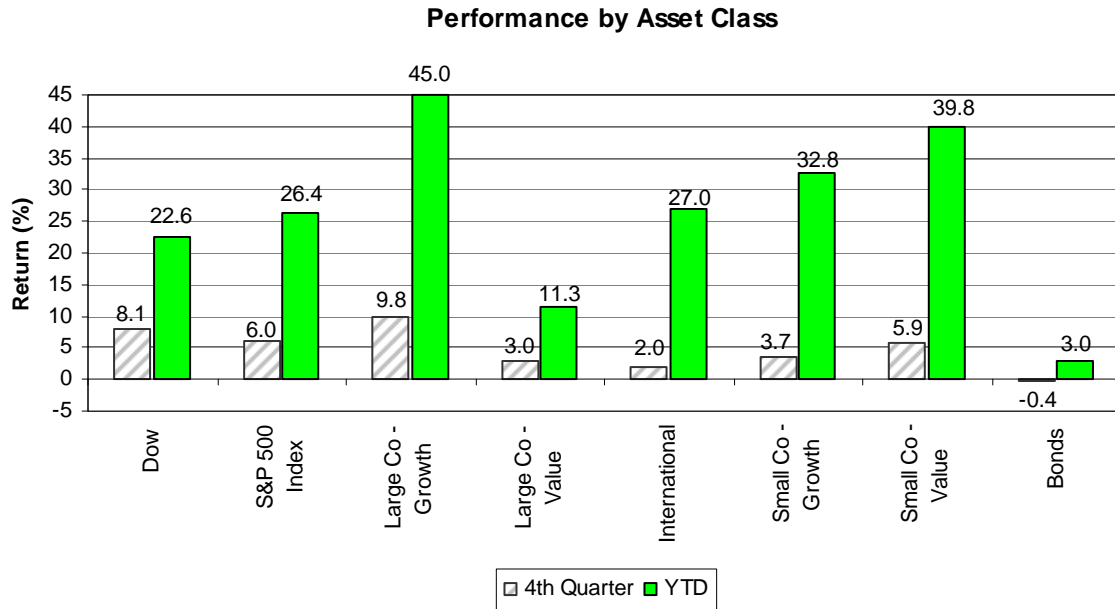
Positive and negative signals continue. Home sales are improving, employment and prospects for new jobs are looking promising and global economic growth is gaining traction. Concerns about global government debt, continued business and mortgage restructuring and fears of inflation remain, while politics may hamper the ability of the Federal Reserve to wait for evidence of more solid job growth before raising interest rates.

The bonds funds we use enjoyed a wonderful rally this year and while we do not expect more than low single digit returns for 2010 we are cautiously optimistic that managers will safely continue to manage the remaining default risks.

The developing region of Asia is now just 13% of total global market value, but responsible for 34% of global gross domestic product and 85% of the world's population, according to MFS Investment Management. Several managers of our mutual funds have been increasing their allocations to the region over the past few years, and we expect this trend to continue to the benefit of your portfolio.

As we move into a new year, we are most aware that protecting what you have gained is more important than attempting to achieve heroic portfolio returns.

The U.S. economy needs to perform a fine balancing act to promote growth and job creation for at least some of the more than 8 million who are unemployed, or underemployed, while avoiding any possibility of triggering inflation. Markets and companies worldwide must be weaned off government stimulus programs, becoming self-sustaining again. It is interesting to note that the majority of the stimulus money that was lent to corporate America has already been repaid at a profit, with the entire amount likely to be repaid in the next two years, also at a profit. A different form of Taxpayer relief!



The chart above reflects the positive results in all asset classes for the quarter and year to date, with the minor exception in bonds for the quarter. It is interesting to note, that because of bond stability in 2008, the majority of all mutual fund inflows went to bond funds and cash. This is a classic case of letting the recent past drive investment decision making and missing the stock market rally, something that we do not advocate.

**Office Notes**

**Reminder:** The 2009 waiver that was effective for Required Minimum Distributions from retirement accounts has ended, however we have no formal information yet on whether this will be extended for 2010. We will keep you informed.

No action was taken by Congress to extend Estate Tax exemptions –again we will review the implications of future actions and keep you informed.

As always, following the end of the year, those with **taxable** accounts who had realized capital gains and/or losses during the year will receive Green Sheets accounting for these transactions. These will be mailed separately in January 2010 in an envelope clearly marked in red “Tax Information Enclosed.”

With all best wishes to you, your family and friends for a very Healthy, Prosperous and

**HAPPY NEW YEAR**

Sharkey, Howes & Javer, Inc.