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Third Quarter Overview
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The Quarterly Report

I just returned from a national financial planning conference in Boston. As one might imagine, with the financial news changing daily, many opinions were being shared over lunch, dinner and wherever someone would listen. Many Americans are concerned and they should be.

A fundamental change to the financial system and the economy took hold in September. First, the credit markets went into cardiac arrest during the month, intensifying mid-month, with limited trading going on, and a near run on money market funds. Bond prices on everything but Treasuries securities suffered unusually sizable declines—corporate bonds and municipal were particularly poor performers. The stock market began to realize the impact of the deterioration in the already stressed lending markets and moved sharply lower. Days of wild swings followed as a rescue package was proposed, then defeated by the House, then resurrected as conditions continued to deteriorate. When September finally came to a close, large-cap stocks (as measured by Vanguard's S&P 500 index fund) were off almost 9% on the month, bringing year-to-date losses to almost 20%.

As we are faced with this changing environment and recent market volatility, our investment approach remains unchanged. The turmoil in the markets over the past year and particularly over this past quarter has been painful. We have more than a 20 year history of thoughtful decision making. Going through this period we are as focused as ever in making thoughtful and disciplined long-term decisions.

We would like to leave you with some thoughts that might be helpful in coping with this very challenging time.

First, think about your real investment

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time horizon. We believe that those of you who don't need significant capital for many years, either because you are already financially secure or because of your age or future income potential, can be confident that regardless of the short-term risks your portfolio will

grow over that very long time horizon and you will benefit from good periods to come. We hope we will be able to add significant value to your returns over that long time period, as we have for our clients over the last

10 and 20 years. We are confident we can.

Second, consider your shorter-term needs and shorter-term risk tolerance. If additional downside risk is not tolerable then you should change your strategy. It is generally not a great idea to do this well into a market downturn. However, if near- or intermediate-term capital preservation from this point is more important to you and you are willing to give up some long-term return potential, then a model change can make sense.

Third, opportunities will arise once all the dust settles. It's important to remember that the more dysfunctional the markets get, the more opportunities we may have to add value with tactical moves in the period ahead.

The most common question I receive is: How soon will things improve and when will stability return? While no one knows the future, particularly in the near-term, we can look to America's history and remember that our country has weathered many storms in the past. We remain prayerful, seeking Gods guidance as we move forward during these difficult times. Please do not hesitate to call us to discuss the current financial events or to schedule an appointment. We understand the emotional stress the current events may cause and we are here to offer direction and a listening ear. ~ RWT ~

<i>Portfolio Benchmarks</i>	<i>One Year</i>
Vanguard Total Bond Mkt. Fund	3.87%
Vanguard 500 Index	-22.03%
Russell 2000 Index	-14.48%
Vanguard Total Int'l. Fund	-30.09%

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The Quarterly Report

Spotlight On: *Doug and Sheila Johnson*

TFG Clients, Island Adventurers

“To accomplish great things, we must not only act, but also dream; not only plan, but also believe.”
(Anatole France, French Writer, 1844-1924)



*The San Juan and Gulf Islands
in the Pacific Northwest.*

Chesapeake Bay, and down the intercoastal waterway to Florida. But for this trip, the adventurers decided to charter a boat in Anacortes, WA. Their vessel came in the form of the sixty-foot *Lani-Kai*—a comfortable craft that was small enough to enjoy the company, yet big enough to enjoy moments of solitude. After gathering supplies and spending a night in the very old but delightful Majestic Hotel, the travelers set sail on their two-week tour.

The foursome developed an itinerary that would take them from Anacortes through the San Juan and Gulf Islands, leaving room for spontaneous changes. The nine ports they visited gave them a buffet of environmental flavors—from urban (Victoria, BC) to rural (North Pender Island, BC), and spa-like (Poet’s Cove, BC) to resort (Friday and Roche Harbors on San Juan Island).



*A pod of orcas, more commonly
known as killer whales.*

Being residents of Naples, FL, the Johnsons found the Islands to be an incredible contrast—the lack of palm trees and the wearing of sweaters and closed-toed shoes in the middle of summer were distinct reminders that they were far from home. A wide variety of places to visit just within a few hours sail of each other made every day special. According to Sheila, the islands jut out of the water in such a way that one never loses sight of them, much like the Mediterranean. “It’s like they’re hugging you as you pass by.” While each place was unique, one constant was the camaraderie of the boating community. Each dock saw nightly gatherings of fellow travelers, and it was during these festivities that they befriended many other international boaters (and their dogs).

Breakfast on the boat and just going “with the flow” was the daily norm. And though that may bring to mind visions of lazy strolls and drinks with little umbrellas, this foursome’s “flow” included zipping through hilly forests on segways (the stand-up, two-wheeled personal transports), and navigating the Haro Strait flanked by dozens of orca whales. Thankfully, they had hired a captain to ferry them through the wildlife, unpredictable reefs, and submerged logs—a decision that not only left them feeling safer, but enabled them to thoroughly relax and enjoy their surroundings. And aside from some anxious moments spent waiting for the delivery of their forgotten passports before crossing into Canada, all in all, the voyage was smooth sailing.

Now back in Florida and regaining their land-legs, the Johnsons haven’t stopped dreaming...in fact, they’re planning a tour of Africa for next summer. And with sound financial planning behind them, good walking shoes, and some lion repellent...their next dream may very well come true.

At Tull Financial Group we encourage our clients of all ages to keep dreaming. Amidst the realities of wavering stock markets and government “bailouts,” our ability to dream of something better often keeps us going. We must be able to sense a positive to come—someday, somewhere, somehow—to keep from dwelling on the negatives. That’s where dreams come in.

TFG clients, Dr. Doug and Sheila Johnson, know the importance of sharing dreams with people they love. After traveling the world with their dear friends, Bill and Marianne Rapps, the Johnsons decided to help make one of Bill’s dreams come true: a boating trip through the islands of British Columbia.

The Johnsons were already avid boaters; they have sailed throughout the



*(L-R) Bill, Marianne, Sheila, and Doug
aboard the Lani Kai.*

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