



Advisors Access Newsletter for January 2009

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As many of us begin 2009 with resolutions of all sorts, I can't help but think of resolutions to get healthy and lose weight in relation to the seismic events that rocked the financial world in 2008.

Many people gain weight gradually, a couple of pounds here and there, not by gorging ourselves, but by eating a little too much of the wrong things and not getting enough exercise. They get away from the basics of what they know they should do and then one day...BAM!...a heart attack!

The same thing happened to the financial markets. The steady growth of opaque financial instruments like mortgage-backed securities, collateralized debt obligations, and auction rate securities led many on Wall Street to "fatten-up" their balance sheets over the last few years. They saw the above-market returns and somehow forgot about the inextricable relationship between risk and return.

Then came 2008 and...BAM!...the heart attack of the third worst year of returns in market history, the collapse of the big Wall Street investment banks, and a prolonged recession that has impacted even those of us who sustain a "low-fat, high-fiber" diet of the broadly diversified portfolios like those provided in Advisors Access.

After surviving a heart attack many individuals emerge with a "new you". Once people realize how much better they feel after losing the weight, they truly change their ways. They begin to eat better, to exercise, to sleep better and to be more productive.

Most institutions survived the heart attack, with a few notable exceptions, and now see the error of their ways. They've been reminded of the risk-return relationship and are in the process of tightening their belts.

So let's stay invested, stay diversified and look for Wall Street's "new you" in 2009.