

Year-End Update

January 7, 2011

Well. That was quite a quarter! S&P 500 up over 10% in three months, and we had the best December in a very long time, up over 6.6%. Bonds, however, fared less well, losing a little bit last quarter as interest rates jumped. But you can look down the 2010 full year column, through all the indices of stocks and bonds, domestic and foreign, and see nothing but black. S&P 500 up 15.06% for the full year, BC Aggregate Bond Index up 6.54%. As Sinatra would say, "it was a very good year."

And as we all know, it ended as a good year because we finished up with two very good quarters. Things looked a little dark in the early summer, as confidence waned and markets slumped. Perhaps we were indeed in a "New Normal" marketplace of overall low returns achieved with lots of risk and volatility? Is that what our future holds?

The climax of the fear occurred in the summer with one of the funniest and strangest episodes in our professional lifetimes. After we watched the markets tank into July, in August the mysterious technical measures of the equity markets' movements aligned just so, and there loomed THE HINDENBURG!!! Yes, the pre-World War II catastrophe was back for a second go, as the so called "Hindenburg Omen" was frantically signaling an impending market crash!

Crowds panicked and fled en masse down jammed city streets, sirens blared, children cried, and the Hindenburg Omen had its terrible 15 minutes of fame in the headlines of the financial press. And then – nothing. Back to work.

As it turns out, this silly thing and others like it ("The Death Cross" for goodness sakes) were not only not right, they were perfectly wrong. They pretty much marked the bottom, as equities proceeded to rally through year-end. Wasn't that exciting?

Our reports and quarterly letter will be coming soon. Meanwhile, we hope you all enjoyed your holidays, and we wish you all the best for the New Year.

	Q4 2010 Return	YTD 2010 Return
S&P 500	10.8%	15.1%
Russell 2000 (Small Cap)	16.3%	26.9%
MSCI EAFE (US\$)	6.6%	7.8%
MSCI Emerging Markets	7.4%	19.2%
Barclays Capital Aggregate	-1.3%	6.5%
BC 1-10yr Muni Bond	-1.9%	3.1%
BofA Merrill Lynch US High Yd BB-B 2% Constr	2.4%	14.3%
BC Global Agg ex-US Unhedged	-1.3%	5.0%
JPM GBI-EM Global Diversified Unhedged	-0.4%	15.7%

Equity index returns represent total returns with dividends reinvested.

Hewins Financial Advisors, LLC ("Hewins") is an SEC Registered Investment Advisor and a proud affiliate of Wipfli LLP. Index returns do not reflect the deduction of transaction or management fees, the incurrence of which would have the effect of decreasing the performance results. It is not possible to invest directly in an unmanaged index. Index information has been compiled solely by Hewins, from sources deemed reliable, and has not been independently verified. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only. Return data represent past performance and may not be indicative of future results.

A copy of our current written disclosure statement discussing advisory services and fees is available for your review upon request. We remind current clients to please contact us if there are any changes in your personal/financial situation or investment objectives.