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### “THE ENDLESS SUMMER”

This legendary surf movie is based on a simple idea: with enough time and money, you could follow the summer around the world, making it endless. Here are some tips to keep the summer break going:

### BILL PAYING

Imagine being able to receive your bills online, having rules setup on how much to pay and when, and being able to see a scanned/electronic statement without paper. It exists at Paytrust.com.

### MAIL

We all deal with hassles of paper-based mail. Now you can have it accessible to you anywhere, view images in email or online, and have it securely scanned into PDF, recycled, shredded or forwarded. Save some trees at Earhclassmail.com.

### PERSONAL ASSISTANT

With the flattened world, you can now outsource your personal tasks to virtual assistants all over the world. There are hundreds of services so be creative and free up time: Elance or GetFriday.com.

We appreciate the fact that many Clients work with us to free up their personal time and we are always looking for ways to enrich their lives.

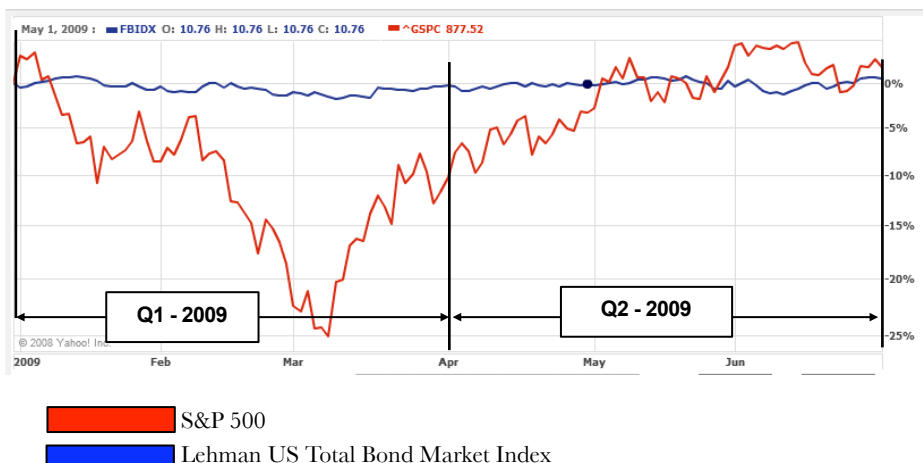
[www.MMMWealth.com](http://www.MMMWealth.com)

## Market Recap - Q2, 2009

Global investment markets rebounded during the recent quarter, helping the S&P 500 to climb back above break even for the current calendar year (see Chart 1). The Q2 rebound was due to a variety of factors, including the return of deep value investors, improvement in credit conditions, and the reporting of “less bad” economic data. However, US equity markets have only recovered a portion of their recent declines, and still remain 40% below their 2007 peaks.

Additionally, this recent rebound caught many investors off guard, as they remained heavily positioned in the “safety” of cash after a scary 2008 and early 2009. Unfortunately, these investors are once again proving that waiting for an “all clear” signal is a recipe for missing major upturns in the market (a concept we have repeatedly discussed in previous client newsletters).

Chart 1: 2009 YTD Benchmark Returns



With large quantities of cash still sitting on the sidelines, and so many economic / policy variables up in the air, many are now asking the question, “Where do we go from here?” As discussed previously in our Q2 Mid-Quarter Newsletter, we believe that there are three likely scenarios going forward, ordered below in highest to lowest likelihood:

- **Scenario 1:** A slow growth recovery over the next 3-5 years, as the economy drags due to the ongoing credit contraction and the increasing costs of entitlement programs.
- **Scenario 2:** Hyperinflation due to extremely loose US monetary policy of low interest rates and excess money creation through the Fed’s printing press.
- **Scenario 3:** A final and sharp downward spike as the market revolts against potentially unsuccessful government re-inflation policies and flushes out all remaining excesses.



## ONE UNIFIED PLATFORM

### *Enhanced Portfolio Management System*

While the portfolio system transition should be transparent to clients, our new individualized online portals will allow clients to aggregate and view all their accounts (including non TD Ameritrade, 401Ks, 529s, etc) from a single login.

The portal will also provide a secure online vault for storing and backing up important documents (e.g. estate plans, trust documents, financial plans, etc), and will offer real-time reporting for clients at the click of a button.

All these new features will be offered to clients as part of our current service, for no additional charge. Furthermore, an enhanced financial planning and customer relationship management tool will be used to plan out and track progress relative to a client's immediate road-map and long-term financial goals.

We will reach out to each of you individually as the various technology modules become available in the coming year.

As part of our continuous improvement efforts, we solicit both formal and informal feedback from clients on what we are doing well and where we can do better. Being uncomfortable with complacency, we always try to stay ahead of the curve and to thrill clients with our current services and future enhancements.

We wholeheartedly believe that this philosophy has enabled our continued business growth in both good times and bad.

Most recently, we invested in a comprehensive new technology that will unify our systems into a single database, while also enhancing our client's experiences.

## Market Recap (continued)

It is very important to watch the real-time evidence in the equity and debt markets, as well as the lagging data surrounding economic health (e.g. GDP), in order to help determine which scenario(s) will play out and how investments should be positioned in response. If we see some genuine economic improvements, rather than just a slowing in the pace of decline, then scenario 1 will most likely play out. However, it will be very important to watch trends in the US dollar, credit markets, and equity markets to determine whether a more challenging outcome will come about in the shorter-term.

Regardless, the market can be humbling, and despite all efforts, one can never exactly predict what will happen in the near-term future. With this understanding, it is best to be prepared, to improve one's odds by weeding out the important information from the noise, and to ensure that portfolio risk profiles are appropriately gauged for each individual investor's long-term goals and comfort levels with temporary market fluctuations.

## Client Portfolio Review

Client portfolios surged upwards during Q2, continuing a significant outperformance relative to benchmarks for the entire year of 2009. After sidestepping the majority of market declines in Q1, MMM portfolios outpaced the advances during Q2. The net result is 13 – 22 percentage points of relative outperformance for the year, depending on the client portfolio. These positive results have helped to recapture a share of the declines from 2008, and to position portfolios at an elevated level if the markets can continue to rebound from here.

Our relative outperformance was driven by heavy weightings in asset classes that outpaced US markets (e.g. Emerging Markets, Commodities, Corporate Bonds), some deep value investments that nearly doubled in price (e.g. Wells Fargo, Ford Motor Company, Imperial Sugar, etc), and a heavy dose of active trading as the markets widely fluctuated up and down. Please refer to the Investment Summary Report in this quarterly review for your specific performance results.



## Client Portfolio Review (continued)

Going forward, we continue to select asset classes via our comprehensive investment models, while also looking for opportunities to buy positions on temporary panic dips, and to sell positions that reach upper limits of our estimated valuations. However, with the recent decline in market volatility, we expect to find fewer of these active trading opportunities. Finally, we remain vigilant as to what the future will bring, keeping an eye out for potentially unexpected outcomes and opportunities.

We would be remiss not to point out that despite strong results to date in 2009, such a short time period is not adequate for measuring the effectiveness of a long-term investment strategy. Since we invest where our models show the highest probability outcomes, we are in direct contrast to investment professionals that “hug the benchmark” by only investing in mutual funds that match results of their benchmarks before fees (lagging the benchmarks after fees).

Consequently, we almost always deviate from our benchmarks in the short-term, whether that be to the upside or downside for any given period of time. While we encourage you to enjoy the current rewards, we will continue to preach that investing is a long-term marathon of three steps forward, two steps back, and never a straight line.

As always, we congratulate our clients for sticking with their programs, making necessary adjustments as their situations change, and believing in our collective ability to realize life's goals and dreams.

Warm Regards,

Raphael & Megan Martorello  
Martorello Money Management, Inc.  
LotusGroup Advisors, LLC.

## QUESTIONS?

As always, we are available to discuss any questions you may have regarding our progress towards your financial and investment objectives.

## REFERRALS?

We appreciate your referrals as they are the lifeline to our business. Please let your family, friends and colleagues know about our wealth management services.

## Contact Us

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