

Joseph Capital Management, LLC's

WEALTH PERSPECTIVES

September 2011

Serving Clients Nationwide from Our Office in Hernando, Florida

Contact Us Toll-Free at: 1-866-746-4460

Please visit our web site at www.JosephCapital.com

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JOSEPH CAPITAL MANAGEMENT LLC CITED AMONG NATION'S FASTEST GROWING RIA FIRMS

Charter Financial Publishing Network, publisher of Financial Advisor magazine, a leading financial publication in the financial services field, ranks the growth of participating Registered Investment Advisory firms each year. In the July issue, Hernando based **Joseph Capital Management, LLC, ranked 23rd in the nation in terms of percentage growth for the year ended 2010.**

In a recent press release, we were quoted: "The fee-only registered investment advisory firms across the country like ours are gaining market share at a remarkable rate as investors are questioning an industry where their financial advice comes from a vested interest in transactions or worse, compensation from the very products being recommended. Now more than ever investors are recognizing the need for objective advice free of such potential conflicts of interest. Independent financial advice, while still a young industry in many ways, has permanently established its place as evidenced by its record growth last year."

"We are gratified that our firm has been cited among our peers and have begun to distinguish ourselves. Our success is a testament to the validity of our programs and more importantly, to the skills of our team. Objective advice is hard to find in any field. Our clients are comforted by the fact that our only compensation comes from them in the form of fees rather than from the products being used. No other investment firm based in Citrus County can sign such a fiduciary oath due to their inherent conflicts of interest. We urge our clients to cherish every day. By leaving the concerns of the markets to an expert team such as ours, clients have the opportunity to go about the more important things in life."

THANK YOU FOR YOUR ONGOING INTRODUCTIONS AND CONTINUED CONFIDENCE IN OUR TEAM. IT IS OUR PRIVILEGE TO SERVE YOU.

RON RHOADES ACHIEVES LIFELONG DREAM

Ron Rhoades, one of the founding directors of Joseph Capital Management has taken some of his own advice: ***Goals and dreams are to be accomplished, not merely written down.*** Ron has chosen to leave Joseph Capital to pursue a lifelong dream of becoming a college professor. Starting in late August, Ron joined the staff of Alfred State College to become a professor in their business department and the curriculum coordinator of their financial planning program. Alfred State College is one of the five University Colleges of Technology within the State University of New York system. Alfred, New York is located 80 miles south of Rochester, about 25 miles north of Pennsylvania and about a 2 hour drive away from Buffalo. The town has a population of about 5,000. We're anxious to hear how Ron and his family enjoy the weather; average temperatures during December—February are in the low 20's and the town receives about 78 inches of snow each year!

Ron leaves behind quite a legacy at Joseph Capital. Since our inception, Ron has served as our Chief Compliance Officer and Director of Research. As you know, Ron has devoted himself to advancing the financial planning profession across the country. Ron's service was recently honored with the award of The Tamar Frankel Fiduciary of the Year Award for 2011 from The Committee for the Fiduciary Standard, He has been described as having "altered the course of the fiduciary discussion in Washington." Ron was also named as one of the Top 25 Most Influential persons associated with the investment advisory profession in 2011 by Investment Advisor magazine. Please join all of us in wishing Ron and his family our very best!

Sally Long has assumed the firm's role as our Chief Compliance Officer as Ron's replacement and Michael Tringali has taken over Ron's former duties as Director of Research.

STAFF UPDATES - ANGIE BERRIOS FOCUSES ON FLEXIBILITY FOR HER FAMILY AND LINDA HORNE CHANGES CAREER PATH

Angie Berrios announced the sad news she needed more flexibility with her young family and had to make the difficult decision to leave Joseph Capital. We will miss her cheerful ways, but take comfort knowing her family remains local here in Citrus County.

Linda Horne, who in recent years worked our Georgia location, decided to increase her commitment to her education with more credit hours. With her decision, we have closed our Georgia office. We wish Linda the best in her academic achievements and are sure that a bright future is ahead for her.

Both Angie and Linda's duties have been assumed by new staff we're pleased to introduce...

MEET ADELAIDE PICKETT, BRIAN BUTERBAUGH AND SANDY PATRICK!

We have three exciting additions to your team at Joseph Capital Management we are delighted to introduce to you:

Adelaide Pickett recently joined us to tackle the challenging roles of both our office manager and our compliance assistant. Many of you may have already met Adelaide since she's manning our front desk at present as well. When not juggling these duties, she can be found out on the water boating with her husband or enjoying her horses. She and her husband reside on the water in Crystal River. If you haven't had the chance to meet her yet, please stop by and don't forget to ask how fast their boat is!



Brian Buterbaugh comes to us as a recent graduate from the University of Central Florida. He is scheduled to soon take the registered investment advisor exam. Brian has been helping with many client service needs along with research and the development of investment plans. He's doing his best to survive the busy night life in Citrus County though is known to visit Orlando most weekends!

Sandy Patrick, a busy mom of three from Floral City, has joined us upon Angie's departure and has fully assumed the role of serving clients. With five years experience at a prestigious CPA firm from Ocala, her background is ideally suited to our needs. Our fast paced office is no problem for this young lady; ask her about her past experience driving racecars locally!



ERIC SOBOCINSKI ESTABLISHES HIS OWN FIRM

Eric Sobocinski, our advisor in Chapel Hill, North Carolina, decided to open his own firm in his local area. We pass our best wishes to Eric and his clients.

**QUESTION: SHOULD WE BE CONCERNED ABOUT A PENDING RECESSION,
AND IF SO, ARE THERE ANY ADJUSTMENTS WE SHOULD BE MAKING TO
OUR PORTFOLIOS? - MIKE TRINGALI**

Many of you have asked this meaningful question, which is essentially; Given the present economic environment, is there anything we should be doing with our portfolio? Those of you who have not asked this question are likely thinking the same thing. And we don't blame you a bit.

The Red Sea is supposed to relate to geography, not the stock market section of the newspaper! After the Dow Jones' Index posted the worst month in a over decade, investors now find themselves facing the month of September, which is historically the worst month of the year for stocks. Indeed, Wall Street has been marked by steep volatility in recent weeks on continued concerns about the global economy and sovereign debt woes in Europe. We are not in the prediction business, but since this question is on the minds of so many, here is our response:

Fresh in our memory, 2008 has confirmed to us that it is easy to allow emotions drive investment decisions. Market timing is described as altering a portfolio allocation in response to short-term market movements. To be successful, market-timing strategies require knowing when to buy and sell or potentially identifying under-priced or over-priced securities. Empirical research on this subject has repeatedly shown that while a minority of managers may possess such superior abilities, identifying them in advance is virtually impossible. Moreover, the average professional investor has persistently demonstrated an inability to do this, and adjusted for costs and risks involved, we find it easy to conclude that such strategies serve Wall Street rather than their underlying investors.

Among the core philosophies at Joseph Capital Management is that:

- Market timing activities such as jumping in and out of the market; while they may be tempting—are losing strategies.
- Portfolio structure explains a portfolio's past performance and its expected future returns.
- Investing is a long-term proposition and asset allocations are heavily dependent on the length of time that will be needed to achieve investment objectives.
- A globally diversified portfolio doesn't rely on any one market for growth. By diversifying across a wide range of markets, one seeks to spread their investment risks.
- An objective investment advisor plays a crucial role in helping clients understand what's needed to reach their goals.
- Understanding what you're doing and why is the real key to successful investing. Investment assets exist to fund these goals and managing one's investment assets is a lifetime challenge.

Simply defined, a recession is a period of declining gross productivity in the economy as measured by total output over two or more quarters. Stock prices reflect an investor's confidence in the future earnings of each company. In anticipation of a recession, the prices of risky assets fall as investors respond to their concerns of the effects of the diminished demand. We know prices at any moment reflect all publicly available information for any security in question. And in particular, for every seller, there has to be a willing buyer to consummate such a sale transaction. The purchasers of securities which have fallen in price expect a higher rate of return to compensate for the perceived added risks.

To answer the specific question of whether we are headed for another recession we suggest you look to the yield curve. A yield curve is a plot of interest rates for bonds that have the same risk but differing maturity dates. Interestingly, a historically accurate predictor of recessions over time has been the U.S. Treasury Yield Curve. The relevant comparative points of measurement are the 30 year Treasury yield and the 10 year Treasury yield.

September 15th was a big auction date of our government's securities by our Treasury Department. As of that date, the 30 year Treasury bond closed at a yield of 3.27% and the 10 year bond closed at a yield of 1.99%. The difference between these two benchmarks was measured as 1.28%, described as 128 basis points. This difference would be described as relatively steep by historic standards. In each of the last 5 recessions since 1980 the yield curve flattened or became inverted in advance of the economic slowdown. The curve flattens or inverts because investors demand a lower risk premium for long term instruments compared to shorter term instruments during times of economic contraction. An examination of the spread of the yields between 30 and 10 year Treasuries in each of these past recessions ranged between a negative 56 basis points to positive 42 basis points. Our conclusion remains that the present yield curve is not indicating a U.S. recession is imminent. Although yields overall have dropped recently, the curve itself has grown steeper since the heights of the equity markets earlier this year in April when the difference between these two terms was 105 basis points.

There can be no doubt that as equity prices have continued to fall the markets have voiced their lack of confidence in the political leadership in both the United States and Europe in dealing with their fundamental issues. The conclusion we draw for equity investors is not that diversification has failed us, but the price of risky assets have fallen and therefore their expected returns have thus increased for those who remain invested.

WHAT'S SO SPECIAL ABOUT OUR RELATIONSHIPS WITH OUR CLIENTS?

- JOHN CEPARANO

First and foremost the reason we have a business is because of our relationships. Our knowledge and experience is an integral part of why you came to us. We will always be honest with you, especially when we do not know something, and are committed to do everything in our power to get you your answers working with our own resources or thorough our network of professionals. Yet, we know the reason you stay with us is because we sincerely care about you and your family's well being. It all comes down to trust; in knowing we will be there for you throughout your life's events.

What's even more special is that you actually care about us. When you ask about our families we know it's not a one way street – it is what makes our relationships and craft a pleasure. Sharing pictures and stories about your families makes us even more inspired to see you take that next trip to see your kids or relax on your next vacation.

We are grateful for what we have been able to create together with each and every one of you. We enjoy what we do because we truly believe we impact people's lives in a positive way. This is unique to each client family we serve with a common core belief system that we help people stick to a long-term plan.

The average investor reacts to fear. As a client, however, know we view lower investment asset prices that come from turbulent times in the market as a "buyer's market". It is kind of like a retailer buying an overstocked quantity of inventory when a wholesaler needs to clear out his warehouse – buy low sell high!

Investors fail to have a successful investment experience because of fear not ignorance. The reality is we use our intellect and knowledge of what works; focusing on broad diversification and keeping costs low by researching the best of class lowest cost investments while positioning your portfolio to be tax efficient. Ironically, a fraction of your portfolio's returns will be based upon the investments you have chosen (assuming you are diversified by owning over 90% of the stock market in the equity side of your portfolio). ***The most significant portion of your portfolio's returns is derived from how you behave.*** The primary determinate of how most people will behave will be based upon the quality of the advice they receive from their advisor.

There are two types of advisors; those that portray they know what is going to happen in the future and those that admit they can not. How often have you heard us say, "We can't predict the markets?" Here's what we do know; the cost of living will continue to rise and depending on your goals for life (which usually include at least the first item listed below,) your portfolio will need to grow so you maintain purchasing power. By working together we have customized a plan to meet your individual goals. We are proud of helping you realize you have:

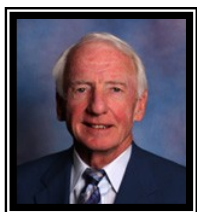
- 1.) The means to enjoy a comfortable lifestyle, now and in your retirement, along with a plan which provides peace of mind.
- 2.) The ability to impact your family and friends financial lives during your lifetime or in the form of a legacy.
- 3.) The ability to assist family members or friends who may have special needs.
- 4.) The ability to create a meaningful legacy for a non-for-profit entity of which you have an affinity.

Thank you for choosing to be a member of the Joseph Capital Management family and for your trust in our team knowing we have taken on the responsibility to make your financial security a reality.

YOUR TEAM OF LICENSED ADVISORS AT JOSEPH CAPITAL MANAGEMENT, LLC



John J. Ceparano,
CPA*/PFS, M.Tax., CFP®,
Private Wealth Manager



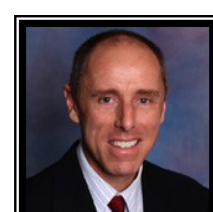
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Sally Long, CTFA,
Private Wealth Manager



Robin L. Townshend
Private Wealth Advisor



Michael J. Tringali,
CPA*/PFS, CFP®,
Private Wealth Manager



The CPA designation is regulated by the State of Florida. PFS denotes Personal Financial Specialist, a designation awarded by the AICPA. The CFP® designation is awarded by the Certified Financial Planner Board of Standards, Inc. The CTFA is the professional Certified Trust and Financial Advisor certification from the ABA Institute of Certified Bankers.