



PRATT, KUTZKE & ASSOCIATES, LLP

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A New Decade

What a decade! The last ten years have been a wild ride for investors. As the decade began, the dot-com boom gave way to Y2K scares and a massive bust. 9/11 rocked the world and investor confidence was shaken by scandals from once respectable companies like Enron and Arthur Andersen. The bear market reached a bottom in mid-2002 and the market began its ascent. China and other emerging markets enjoyed massive growth and large returns. Real estate saw unheard of appreciation and became the investment of choice for many. Unfortunately, that level of growth was unsustainable and in 2007, the housing bubble burst. The credit crunch reeked havoc on the financial system—taking down large institutions like Bear Stearns and Lehman Brothers as the country slipped into another recession. Due in part to government bail-outs and aggressive fed action, the country emerged from the recession in mid-2009 as the market and overall economy began to recover once again.

The last quarter of the year was fairly uneventful from an investment standpoint. Though we had a dip at the end of October, the market recovered quickly in November and slowly increased to close out the year. Volatility in the market also continued to decline as we approached year-end.

Due to the timing of the market cycles, the past 10 years were the worst calendar decade ever for stocks—you may see it referred to as “the lost decade.” Fortunately, the market (as measured by the S&P500) has never suffered back-to-back losses in calendar decades. Similarly, an analysis of the 15 worst rolling 10-year periods found that stocks posted positive returns in the next 10 years in all 15 cases, with average annual returns besting the long-term market average. Although past performance is no guarantee of future results, the new decade could be a good one for investors.

On a personal note, January of 2010 marks the 20th anniversary of Pratt, Kutzke & Associates. Our firm was formed in 1990 and has grown from two founding partners to a team of 10 advisors and 8 staff. We now have three primary offices and nearly \$300 million of assets under management. Although we do not advertise or otherwise actively market, we have been blessed with steady growth as a result of referrals from our clients and colleagues—for that, we would like to extend a sincere thank you. As we move into our third decade, our hope is to continually improve the way we work with and care for our clients.

As always, please contact us if you have any questions, comments or concerns.

Happy New Year!

The PKA Team

Market Update

A quick glimpse at the market for the fourth quarter and year of 2009:

	<u>Q4</u>	<u>2009</u>
DOW:	+7.37%	+18.82%
NASDAQ:	+6.91%	+43.89%
S & P 500:	+5.49%	+23.45%

Tax Forms

As a reminder, 1099s for brokerage accounts will not be mailed out until mid-February. Please plan tax appointments and filings appropriately.

Website Update

We've updated our Website! The address remains the same—check it out and let us know what you think:
www.prattkutzke.com

Commodities

Both oil and gold had wild rides this year. 2009 brought a 78% increase in the price of oil and a 24% increase in the price of gold. In November, Gold reached an all-time record closing high price of \$1,114 per ounce.