



**JOHNSON
BENDER & CO**
WEALTH MANAGEMENT

FINANCIAL PLANNING FACTS

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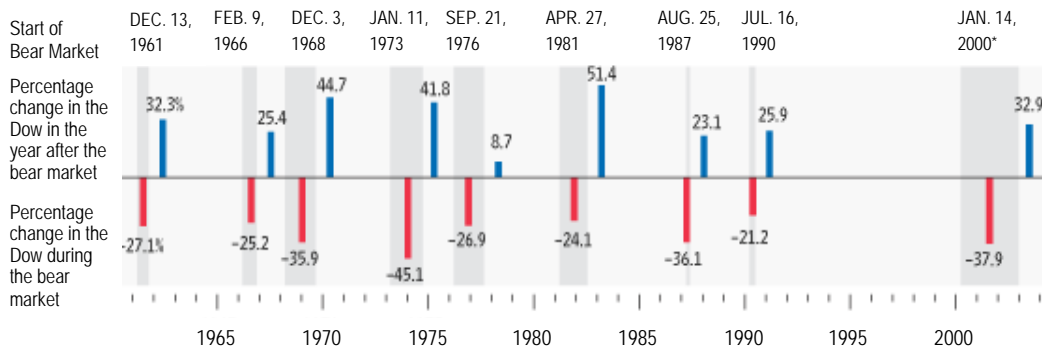
Well, it's official; we have entered a bear market. The Dow slipped more than 20% from its high last October on the last day of the quarter. Will the slide, caused by a combination of falling home prices, a credit crisis and record oil prices, turn into a grizzly bear? So, the burning question for investors is "Where can you turn in this type of market turmoil?"

The advice is often the same- don't make a quick retreat- sit tight and wait it out. There are so many economic indicators to consider that it is easy to panic. It is an election year and uncertainty abounds. Will our taxes be higher? Will the new president increase regulation and facilitate a bail out of the financials? Will we drill on U.S. soil, and if we do, will that have an effect on the price of fuel?

Looking back historically, there have been six official bear markets since the 1960s— the average lasting about 14 months with a 31% decline, according to Ned Davis Research. While there is no typical bear market, they tend to have one or more of these common factors: inflated stock values, mounting inflation, rising interest rates or a recession. Most would argue that the inflation we are seeing is largely due to rising commodity prices (most notably fuel), moving its way into food, transportation logistics and salaries.

Anatomy of a Bear

The Dow's percentage decline in past bear markets vs. its gain in the 12 months after the bear market ended



*Incorporates a six-month bull market in last 2001 and early 2002 that did not last

Source: Ned Davis Research

How do you know when its over? Historically, the market bottoms before the economic activity booms- which could mean that we are in for a rough ride. Sometimes, bear markets end with investor panic and a selling off of the market, other times, they simply fade away while the economic outlook brightens and the conditions for a new bull market-oil prices stabilizing, corporate profits returning to normal, and inflation concerns fading- begin to fall into place.

At Johnson, Bender & Company, we are committed to helping our clients preserve the wealth that they have built. In volatile markets like these, we strive to take defensive positions in the market versus looking for big runs that might last a short while. Our team of analysts studies the market daily, watching for opportunities and trends. Please contact us to address any concerns you may have.

Past performance is no guarantee of future results. •An investment cannot be made directly in an index. •The Dow is an unmanaged, price-weighted index of 30 of the largest, most widely-held stocks.

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