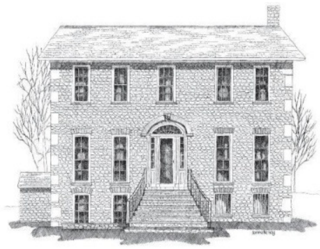

ON THE HORIZON...
NEWS, NOTES, AND COMMENTARY
FOR CLIENTS AND FRIENDS OF THE HORIZON GROUP

BY MARK CONGDON, SENIOR PARTNER

March 7, 2012

INFLECTION POINT

Mohammed El-Arian, the head of the bond powerhouse PIMCO, was asked on CNBC last week where he thinks the market will finish the year. I typically dismiss prognostications, but his stellar returns with Harvard's endowment fund and PIMCO's track record of economic forecasts made me sit up and take notice. Mohammed proceeded to explain that the markets are at an inflection point, and the only thing he could say with reasonable certainty is that the markets will likely close much higher - or much lower - by year's end. He went on to say investors should employ a strategy that lays a claim on the upside, but at the same time provides some downside protection. I truly appreciate this common sense view that has been the hallmark of our "bucket approach" to retirement investing for the past twenty years.

At any given time in history there have been numerous reasons for the market to pop or plunge. The only difference now is that high speed program trading has made reactions to news more pronounced and wild daily swings typical. The average person would rather avoid this volatility altogether, especially after 13 years of booms and busts that left the market virtually unchanged (the S&P 500 closed at 1263.88 on January 11th 1999, and 1263.85 on November 11th 2011). But our clients understand the need to invest, regardless of market conditions or forecasts, to meet their income needs over time. The bucket strategy can provide peace of mind through market gyrations – not to mention providing a steady income. I'm extremely proud of the strategy's performance during the past thirteen years.

Not that we'll always need to be saved from the market. Volatility works both ways and, after over a decade of going nowhere, a blowout year to the upside can't be ruled out. To Mohammed's point, valuations are reasonable, profits are spectacular, central bankers are flooding economies (and European banks) with cash. Perhaps the most encouraging news for the stock market is that the U.S economy seems to be strengthening.

After visiting 33 clients traveling across the south the past few weeks, I've seen a lot of anecdotal evidence that this recovery is real and gaining speed. Full restaurants, golf courses, airplanes, and hotels were the norm. Last year it was estimated that 40% of all boats were never put in the water; this year there wasn't an empty slip in Sarasota Harbor. Visiting condos on the water I bumped into a number of real estate agents showing units; several clients even told stories of fast sales and full price offers in their neighborhoods. The state of Florida estimates an 11% increase in visitors this year. In a state dominated by retirees, it's easy to wonder which came first, the higher stock market or the increased confidence and spending? Only time will tell, but if this strength continues and spreads nationwide, this stock market rally could still be in its infancy.

Please keep in mind that it's not all clear sailing from here, as we still face a number of significant risks to stock prices. Yesterday's 203 point drop reminds us troubles in Europe and Greece are always lurking in the background. So are the budget deficit, tax uncertainties, political infighting, and a contentious presidential election. In the end, corporate profits and economic growth will dictate the direction of the market. For now I'm cautiously optimistic we may fall on the positive side of Mr. El-Arian's market prediction.

BIG NEWS AT THE HORIZON GROUP!

It is with tremendous pride that I announce the addition of Michael S. Silverstein to our firm. Mike is a wealth manager and retirement specialist we recruited from HSBC Securities. The recent sale of local HSBC branches to First Niagara presented us with an opportunity to acquire his talent. Mike started his career with Morgan Stanley and is entering his seventh year in the business. His vast knowledge and uncompromising ethics make Mike a natural fit with our team. In addition to Mike, Kenneth Blazick has just completed his 6th month with our group. Many of you met him at our January Financial Fair. Ken came to us from Lincoln Financial in Buffalo and has had great success helping small business owners install 401k plans and with their personal planning as well.

Because of our experience and hard earned reputation, Terry and I have been battling capacity constraints for years. We instituted account minimums and at times were too "stretched"to help non-clients in need of our expertise. We've built our group on the principle that existing clients always come first, which isn't the norm in our industry. But it always bothered us when we couldn't get to a friend or family member referred by an existing client, especially knowing the quality of advice available to the general public. Mike and Ken eliminate that concern, and stand ready to help friends, family, and co-workers that are not typical clients of Terry and mine (not yet retired, younger, working).

It is our expectation that by year's end we'll be doubling our offices from two to four. Currently the West Henrietta cobblestone serves as the main Rochester office and houses Mark's client service team. The Main Street Dansville office is our presence in Livingston County and the southern tier, and is Terry's base of operations. These two buildings are owned by Mark and Terry respectively. We are currently in lease negotiations for a second Rochester location, as well as a branch office in an upscale part of Lewiston, Niagara County.

I know this seemingly rapid expansion will make some clients feel a bit uneasy. I'd like to assure you this growth comes from a good place. I hired Ken to mentor him into an advisor that could take my place many years down the road. When I first met Mike, I knew instantly I was looking at the person who has the intelligence, experience, and drive to immediately step in and run the group with Tim and Terry if something happened to me today. Rather than increasing revenue, my reason for expansion is to provide stability and add the capacity to help everyone who may need our services. No longer will I be forced to turn away great people, either prospective clients or talented advisors.

IMPORTANT DATES TO SAVE!

My biennial client appreciation party at Letchworth State Park will be held Friday, September 14th. Invitations and a schedule of events will be mailed in August …… Our 20th annual Financial Fair will be held on Saturday morning, January 26th 2013. After a capacity crowd again this past year, we are changing the venue to the beautiful theatre at Monroe Community College. There is ample parking, a courtyard for coffee and bagels, and 550 very comfortable seats!

NEWS & NOTES

At Mario's this fall I shared with you my intent to finally have elective leg surgery. I've been putting off this procedure for over ten years, primarily because the recovery period can be up to five weeks. I'm scheduling this procedure next week – hopefully for late April or very early May. In anticipation of losing up to 75 appointments, we've started booking some client reviews with Tim to help relieve the inevitable scheduling pressure in advance. I thank you for your understanding ……. Mutual Funds are getting more aggressive about getting you to vote your proxy statements. If you don't vote your shares, you may receive phone calls asking you to do so. Ignoring them is no longer an option …….. IRA contribution deadlines are fast approaching. Please keep in mind checks sent or dropped off to our office must be processed, mailed, and received by the custodian by the IRS deadline. This means checks must be in our office no later than 3p.m. on Thursday, April 12th!....... If you have any ideas for Fair topics, seminar subjects, or suggestions for this fall's client appreciation party, please feel free to share them with us at advice@horizonadvisors.net or (585) 334 – 3600.

5582 West Henrietta Road
West Henrietta, NY 14586
www.horizongroup3600.com
585-334-3600