2nd Quarter, 2011

The Mayflower Manifest

EXPANDING YOUR KNOWLEDGE OF INVESTMENT PLANNING

"Bull-markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria."

- Sir John Templeton (American born British Philanthropist, founder of Templeton Mutual Funds)

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Are We Still in a Recession?..... Depends on whom you ask.

In a fourth-quarter 2010 poll, 66 percent of both consumers and investors thought the economy was still in a recession, according to the Rasmussen Reports, despite the fact that the National Bureau of Economic Research (NBER) officially declared the U.S. recession that began in December 2007, officially over in June 2009 – still making the 18-month slump the longest since the Great Depression.

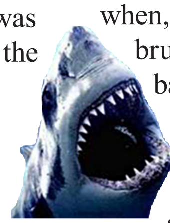
Rasmussen Reports is an electronic media company that specializes in the collection, publication and distribution of public opinion polling information.

The NBER, founded in 1920, is a nonprofit group entrusted by the government with determining when recessions begin and end. The Cambridge, MA-based group includes leading economists in business, academia and trade unions.

In a more recent Rasmussen poll, Americans were divided about whether the unemployment rate is going to head up or down over the coming year.

Many Americans still believe that the economy is in recession and that unemployment is increasing despite the data that demonstrates that corporate earnings and gross domestic product have rebounded dramatically and that the labor market shows improvement.

Rethinking Risk: The Shark and the Coconut…which do you think is more dangerous?



Imagine swimming in the ocean when, suddenly, a large object brushes by you. As you look back, you notice a large fin slowly plying the water and turning in your direction. You frantically swim towards shore until you are out of danger. That was close! You start walking down the beach to tell your friends, gaining confidence of heroism with each step. You hear a large crack from the tree above and, as you look up, you meet your fate at the hands of…..a large coconut!

While you may think this anecdote absurd, falling coconuts actually kill far more people than sharks each year. Falling coconuts kill 150 people, on average, worldwide each year – 15 times the number of fatalities attributable to sharks, according to George Burgess, Director of the University of Florida's International Shark Attack File and a noted shark researcher. While this anecdote illustrates a beachgoer's skewed perception of risk, the investing public seems to follow along the same beach path, paying more attention to the flashier dramatic events while ignoring the uninteresting in plain sight.

Education Series

As part of Mayflower Advisor's Education Series, every third Friday of the month we host a conference call for all clients. The calls feature a range of guest speakers from leading investment management firms. The topics vary from current market updates to how certain investments can help diversify a portfolio. The calls usually last for twenty minutes followed by Q&A. Email invites are typically sent one to two weeks before the call. If you are not on our email list and would like to be, please send your info to Linda at Linda.loo@mayfloweradvisors.com. We look forward to having you on the next call.

Don't Keep Us a Secret

If you know someone who would benefit from our personalized and attentive financial advice, we would welcome the opportunity to serve them. Most of our clientele come to us via referrals from existing clients or professionals who know our work.

Check Deposit Reminder

When submitting checks to Mayflower Advisors for your account, please make the check payable to "Wells Fargo Advisors" or "First Clearing, LLC".

Mayflower in the News

Larry Glazer is becoming a "regular" on the **Kudlow Report** (weekdays at 7p.m. on CNBC), in which he

Unfortunately, by doing so they may be missing out. According to a study by Malcolm Baker of Harvard Business School, Brendan Bradley of Acadian Asset Management and Jeffrey Wurgler of NYU's Stern School of Business, over the past 40 years, funds invested in the "least risky" 20% of the stock market have outperformed those invested in the "most risky" 20% of the market. In other words, contrary to popular belief, low-risk stocks have delivered higher returns than high-risk stocks.

The trio studied the 1,000 largest stocks in the stock market from 1968 to 2008. To determine the riskiest and least risky issues, they considered two factors: a stock's "raw volatility," or how much its price varied over time, and its beta, which shows to what extent a stock's movement exaggerated those of the market.

Their surprising conclusion: money invested in the more conservative, less volatile group dramatically outperformed the risky group over the last 40 years. In fact, the stodgy, more reliable stocks outpaced the S&P 500 by a solid 1.6% annually, while the more volatile stocks actually lost money!

Conventional wisdom in finance has been that higher risk equates to higher rewards. Many professional investors have long refined that notion and believed instead that higher beta stocks outperformed lower beta stocks over the long run. This study concluded that this, too, was false and that, in fact, the best performers were the fuddy-duddy low-volatility and low-beta stocks that many investors shun now-a-days.

So, if tortoise stocks beat the hare stocks so consistently, why don't investors pile in and arbitrage away the difference? Because investors, small and large, labor under the high-risk, high-return delusion. It's the same attitude that causes people to buy lottery tickets or, when the lottery (market) grows, to buy more lottery tickets. They focus on the big potential numbers – or the possible shark in the water that makes headlines. Yet, as any shark researcher will tell you, sharks prefer to feed on smaller fish and avoid people. Perhaps investors should follow suit and feed on those stocks that make less headlines too?

Envision® Your Goals

Need help in defining your investment goals or measuring current goals to the ever-changing market? Let us introduce to you, Envision®, an innovative investment planning process. Combining goals-based guidance with sophisticated statistical modeling, Envision is an effective, easy-to-understand process for achieving your most important goals – including education, insurance needs, retirement and more. Give us a call to start the process.

Ideas to Help Kids Save

Some people call it financial literacy, personal finance or money management – but at the end of the day, it's all about making the most of your money. If you are looking for a fun way to teach your children about personal finance, try this: Four banks, not one!

Label each bank with the way you'll use the money: SAVE, SPEND, INVEST, and GIVE.

A spending bank for money to be used soon on everyday things.

A saving bank for money to be used later on larger items.

An investing bank or money that will be used several years from now.

A giving bank for gifts to help others.

Decorate each bank with stickers, photographs, cut-outs from magazines — or your own drawings. The pictures show how the money will be used. For example, if your SAVE bank holds money for a new bike, that's the picture you tape to that bank. Show off the banks in your room! They keep track of your money: the money you have saved.

discusses that day's market events. Larry has appeared as a guest panelist several times. He has also been featured on **Fox Business News** and had made several guest appearances on CNBC's "Squawk on the Street". To see these segments, go to www.cnbc.com or www.foxbusiness.com. In the "Search" box type: Lawrence Glazer.

Larry has also been interviewed by several publications recently including **The Wall Street Journal** and **Financial Times** in which he provides a financial advisor's perspective on the market.

Steve Dimitriou was interviewed for Fund Action in which he discussed the use of Target-Date funds in 401(k) retirement plans.

John Wilcox was featured in the MetroWest Daily Newspaper for an article he authored discussing retirement planning for individuals.

Both **Steve Dimitriou** and **John Wilcox** were named 401(k)Wire's 300 Most Influential DC Advisors for 2011.

Selection was based on defined contribution plan practice size and growth, as well as votes cast by 401(k)Wire readers. Investment performance and client satisfaction were not considered. 300 Advisors were selected from approximately 2,700 nominations solicited from 401(k)Wire.

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