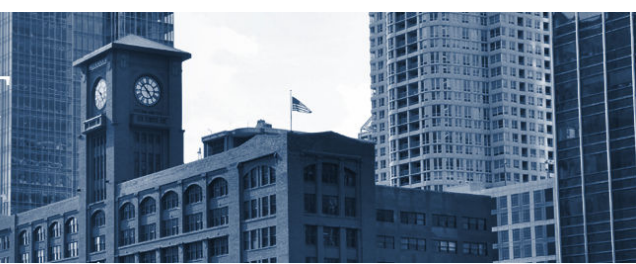


# RIVERNORTH RETIREMENT PLAN NEWS



3rd Quarter 2009

## Terms of the Quarter

### VOLATILITY

Volatility refers to the amount of uncertainty or risk about the size of changes in a security's value. A higher volatility means that the price of the security can change dramatically over a short time period in either direction. A lower volatility means that a security's value does not fluctuate dramatically, but changes in value at a steady pace over a period of time.

### DOLLAR-COST-AVERAGING

The technique of buying a fixed dollar amount of a particular investment on a regular schedule regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high. Dollar-cost averaging lessens the risk of investing a large amount in a single investment

### QUESTIONS ABOUT YOUR OTHER INVESTMENTS?

Contact Todd Francisco of  
RiverNorth Retirement Plan  
Services:

[tfrancisco@rivernorthcap.com](mailto:tfrancisco@rivernorthcap.com)  
(866) 467-6412

## Risk Equals Volatility

By Todd Francisco

The market movement over the last twelve months provides a great example of “risk” and how it affects us, as participants, and our retirement savings.

What is the definition of risk when it applies to 401(k) accounts? It is the movement, or specifically, the change in value of the investments in our 401(k) accounts. Unless we invest in the Stable Value or Money Market fund, our account value changes almost every day in accordance with the movements of the market. This is also known as **Volatility**.

We are faced with decisions of how to invest our 401(k) assets and risk needs to be a focal point of that decision. In general, the more “risk” we take with our investments, the greater up and down movement we can expect from our account value. With this greater risk comes the potential for greater returns and greater losses. This is where risk tolerance comes into play.

The contributions taken out of our paychecks are deposited into our 401(k) accounts. Most often, we buy mutual funds that hold stocks and/or bonds with the expectation that the value of our investments will grow over time. As we pick our investment choices, we must balance our desire for returns with our tolerance for risk.

Typically, the further we are from retirement the greater ability we have to take risk in our accounts. Generally, the closer we are to retirement, the less ability we have to take risk. Stocks have historically been a riskier investment than bonds. Balancing our investment choices between these two types of investments not only

allows us to manage our risk but also provides benefits through diversification. Knowing how risk relates to our investment choices will benefit our 401(k) account and align our investments with our tolerance for risk.

We have heard a lot of stories about people that were close to retirement taking too much risk with their 401(k) investments. Many of them experienced a large drop in the value of their investments last year. Now they must sell their investments at lower values to fund their expenses in retirement. People generally lower their risk as they approach retirement to protect against large losses.

The best way to measure risk tolerance is to complete a risk tolerance questionnaire. It is easy to do and only takes about 10-15 minutes. Our investment time horizon is only one of the key factors in determining risk tolerance.

If you would like assistance in determining your risk tolerance, as well as developing your investment strategy, please do not hesitate to contact RiverNorth Retirement Plan Services.

---

#### KEY POINTS FROM THIS ARTICLE:

- Risk = account balance fluctuations
- Diversification can help reduce risk
- Think about reducing risk as you approach retirement
- Review your risk tolerance periodically

# 3rd Quarter 2009 Market Update

By: Chris Lakumb, CFA

The stock market continued its climb during the third quarter. The S&P 500 (a benchmark for the performance of U.S. stocks) increased by 15%, which was its best quarterly performance since 1998. Furthermore, the S&P 500 is up a whopping 56% since the market's low point in March 2009.

Economists continue to present evidence of economic recovery. The Reserve Bank of Australia recently raised interest rates amid evidence of an improving economy. Australia is the first of the G-20 (a group of countries with the largest economies) to raise rates. Australia's rate increase implies that the worst is over for its economy. Bets are taken on who will be next to raise rates.

It is worth repeating my comments from last quarter. Markets rarely move in smooth trends. It is important

to note that an influential group of economists, such as Peter Schiff and Nouriel Roubini, think the markets have come too far, too fast. Personally, I put more faith in the words of these men than in the talking heads on CNBC.

It is inevitable that many of us are thinking about earning big returns by loading up on stocks. I have had conversations with retirement plan participants who are hoping for outsized gains in the stock market to "recoup" 2008 losses. This type of thinking is a recipe for disaster.

There is no substitution for **Dollar-Cost-Averaging** into a diversified portfolio based upon your willingness and ability to take market risk.

Until next quarter...

STOCK AND BOND MARKET RETURNS THROUGH SEPTEMBER 30, 2009							
	1 MONTH	3 MONTHS	YTD	1 YEAR	ANNUALIZED		
					3 YEARS	5 YEARS	10 YEARS
<b>Citigroup 3 Month T-Bill</b>	<b>0.01%</b>	<b>0.04%</b>	<b>0.14%</b>	<b>0.39%</b>	<b>2.63%</b>	<b>2.96%</b>	<b>2.96%</b>
Short Term Bond (Money Market Index)							
<b>Barclays U.S. Agg. Bond Index</b>	<b>1.05%</b>	<b>3.74%</b>	<b>5.72%</b>	<b>10.56%</b>	<b>6.41%</b>	<b>5.13%</b>	<b>6.30%</b>
Diversified US Bond Index							
<b>Dow Jones Ind. Avg.</b>	<b>2.43%</b>	<b>15.82%</b>	<b>13.49%</b>	<b>-7.38%</b>	<b>-3.33%</b>	<b>1.85%</b>	<b>1.62%</b>
30 US Industrial Stocks							
<b>S&amp;P 500</b>	<b>3.73%</b>	<b>15.61%</b>	<b>19.26%</b>	<b>-6.91%</b>	<b>-5.43%</b>	<b>1.02%</b>	<b>-0.15%</b>
500 Large US Stock Index							
<b>Russell 2000</b>	<b>5.77%</b>	<b>19.28%</b>	<b>22.43%</b>	<b>-9.55%</b>	<b>-4.57%</b>	<b>2.41%</b>	<b>4.88%</b>
US Small Company Index							
<b>MSCI EAFE</b>	<b>3.59%</b>	<b>18.80%</b>	<b>25.49%</b>	<b>-0.02%</b>	<b>-6.26%</b>	<b>3.33%</b>	<b>0.29%</b>
Diversified International Stock Index							

Source: Morningstar

## Questions?

Contact: RiverNorth Retirement Plan Services  
 Toll-Free: 866-467-6412  
 E-mail: 401k@rivernorthcap.com  
 Web: www.rivernorth401k.com

*All information presented herein has been compiled from sources believed to be reliable. However, no representation or guarantee is made as to the accuracy or completeness of information obtained from third parties. Readers are further advised that successful investing is more art than science and therefore no strategy, chart, graph, theory, philosophy, method, system or formula discussed in this newsletter can guarantee favorable results. Past performance is not an indicator of future results. The potential for loss exists with an investment.*