

• Firm Update by Jim Steffen, CFP®, President



It was an extremely busy first half of the year at Trott Brook. We are excited to welcome over fifteen new clients to the firm. One of the most rewarding things for me is meeting new people, forming new relationships and ultimately helping people manage their personal finances. We are fortunate that nearly all of our new clients come to us via a referral from another client; thank you to all who have the trust and confidence in our service to pass our name along to a family member or friend.

As I mentioned in the last newsletter, we partnered with a research firm to conduct a client audit and feedback survey. We were very pleased with the response, as well as the results of the survey. It is gratifying to receive this confirmation and we will continue to work hard every day to continue to provide a superior level of service and experience.

As noted below, we have two events coming up. First, on July 25th at the Fountains of Ramsey, we are hosting our “Half-Time Report.” This is a follow-up to our Annual State of the Markets presentation in January and an opportunity to provide a mid-year update. Ted and I will be presenting our perspective on the markets and we invite you to join us for breakfast that morning. Please contact our office to reserve your seat. Secondly, on September 15th, we will host the 8th Annual Trott Brook Benefit Bash. Many of you have attended this event for years and we really appreciate your support! This community event, from the beginning, has raised funds exclusively for the Ann Talle Anoka Area Chamber of Commerce Scholarship Fund. We are proud to be the largest contributor to the scholarship fund that awards sixteen scholarships each spring at the area high schools. Please mark your calendars now and watch for an invitation in your mailbox later this summer.

Lastly, you may have noticed some new initials behind my name. I’m happy (and relieved) to say that I recently passed the grueling ten-hour exam for the CERTIFIED FINANCIAL PLANNER™ Professional designation. The CFP® is certainly the most recognized and respected credential in the industry requiring candidates to meet education, examination, experience and ethics requirements. When selecting a financial planner, you need to feel confident that the person you choose is competent and ethical. The CFP® certification process provides that sense of security by allowing only those who meet the stringent requirements to use the CFP® certification marks. I’m proud to be a CFP®!

Upcoming Events...

Annual Half Time Report —

Wednesday, July 25th @ 7:30 AM

8th Annual Trott Brook Benefit Bash —

Saturday, September 15th @ 6:00 PM

• Commentary by Ted Erhart, Financial Consultant



The best word to describe the stock market’s performance in 2011 was “volatile.” That same description would fit for what we’ve experienced so far in 2012. The Dow Jones Industrial Average returned over 8% in the first quarter of the year which was the hottest start since 1998. By early June however, the Dow had virtually given back all of those gains on fears that the U.S. economy is slowing and Europe is coming apart. To end the quarter, the Dow rallied over 500 points from its bottom to close the six month period, ending June 29th, up 5.4% year-to date (source: Wall Street Journal). What a ride!

If you are sick of the ups and downs of the market, all I can say is get used to it. The world has huge challenges facing it. From massive fiscal debt issues in developed countries to turmoil across the Middle East, the next decade will be anything but predictable; and you can all but count on financial markets swinging up and down as these world events play out.

What I just described may be a bit unnerving, but let’s look back at the 20th Century for some perspective. Between the year 1900 and 2000, the United States was involved in two world wars, multiple other military conflicts in the Middle East and Asia, suffered through over twelve recessions, including the Great Depression, endured a flu epidemic and not to mention an oil crisis. Through all this, the Dow grew from 66 in 1900, to over 11,400 by the year 2000. Not too shabby!

Our advice to investors is to set appropriate expectations and stay invested. The next century will be no more certain than the last. If you make buy and sell decisions based on your gut, chances are you will be buying or selling at precisely the wrong time. Think of investing in the stock market like any other long-term investment and remember that good returns don’t always correspond with the amount of time it takes for the earth to travel around the sun.

Berkshire Hathaway Update – For the sixth consecutive year, I attended the Berkshire Hathaway annual shareholders meeting. It’s something I look forward to each May. It is an opportunity to hear Warren Buffett and his business partner, Charlie Munger, field questions on a wide array of topics for nearly six hours.

Berkshire Hathaway owns over 70 businesses out-right that operate in all kinds of industries. A few notable subsidiaries are GEICO Insurance, Dairy Queen International, Fruit of the Loom, Burlington Northern Santa Fe and See’s Candy. Because Berkshire operates in so many different industries, it is actually a very good gauge of where the U.S. economy is. The one item I’ll note from the meeting is Buffett started by announcing that all of Berkshire’s subsidiaries have shown strong earnings, with the exception of anything tied to residential housing. Several of their companies actually recorded their highest earnings ever in 2011.



*Jim & Lisa
Steffen*

The Steffen family had a fun and adventurous spring! Cabo was our destination of choice for our spring break. We all couldn't wait to return to our favorite paradise in the sun. Our favorite activity was chartering a fishing boat and reeling in many Sierra's. Nothings better than taking your fresh catch to a local restaurant and having them prepare you a delicious feast! It was not but a month later we were off to Laughlin, NV to reach our final destination of Lake Havasu, AZ for a family wedding. We stopped in Oatman, AZ and experienced the old west with a cowboy gunfight show and mules walking up and down the dirt streets. Lake Havasu had quite the sights...not quite the way I remember it when I was there in college. Remind us to never let our kids go anywhere on spring break! The morning before we flew home we took a great hike threw Christmas Tree Pass, definitely our favorite memory. The kids had a fabulous first year at Legacy Christian Academy. The activities and friends have been plentiful, we couldn't be more proud of them both for their exceptional hard work and grades. Lauren found that she has a new love for basketball and her LCA school team won it all! She has become quite a star at school with her guitar and piano performances. She even took first place in her piano Concerto and both her and Tommy received trophies at the UMMF piano competition. Tommy made the U10 traveling baseball team which has been quite a commitment, but he enjoys it. The LPL Masters Conference in May took us to DC. It was quite emotional to visit Arlington National Cemetery and to locate the grave site of Jim's cousin Jennifer, who we sadly lost in November. We highly recommend sightseeing via a Segway! Jim just returned from his annual Canada fly-in fishing trip with his dad and friends. Summer fun is in full swing with several camps, golf lessons, baseball games, trips to the cabin and time spent on the river. We're looking forward to a road trip through Montana and Glacier National Park in August...more on that next time!



Ted Erhart

The last six months have been busy for Kelly and me. Both of us have spent a lot of time with our head in a book. Kelly is close to completing her first year of anesthesia school. Since the first of the year, she has spent more time actually working side by side in the hospital with nurse anesthetists and anesthesiologists. Most recently she rotated to United Hospital in St. Paul. I've learned that "IVs" can be a challenge to insert into certain people. A month or so ago Kelly came home excited that she had successfully inserted a rather large IV into a patient without any assistance! I, on the other hand, have been studying to obtain the Certified Financial Planner (CFP®) designation. In our industry, it really is the gold standard. The program consists of six modules that cover a range of topics such as investments, insurance and estate planning. The final exam is over two days and is comprehensive. As of this writing I have 2 more modules to complete and will take my exam in November. That really describes the last six months at the Erhart household. Definitely on the boring side. Kelly and I have both remarked that this is the last of any formal education for each of us! This summer we are looking forward to several up-north vacations and a trip to the LPL National Conference in San Diego before Labor Day!



Nikki Cellette

There is nothing better than a beautiful summer day! This by far is my favorite season and I'm looking forward to spending more time with my family and friends. Hot summer days spent at the beach and cool nights up north by the bon fire are absolutely on my to do list! One night of summer fun was attending the Kenny Chesney / Tim McGraw concert. It was fantastic watching two of my favorite country performers while in the company of many wonderful friends. We certainly couldn't have asked for a more beautiful night for an outside concert! As always, my family has been extremely busy cheering either on the sidelines of a lacrosse/soccer field or in a freezing ice arena. We are excited to be a part of the Elks 7th grade Lacrosse team, the AAA Bandits hockey as well as the U5 Northern Lights Soccer team. Two children and six nights of sports have become a little hectic for mom and dad! Hectic or not we absolutely enjoy every moment. It is by far the most rewarding feeling to watch our children develop, build relationships and learn valuable life lessons while having a blast! Professionally, I have recently completed the Registered Paraplanner professional designation from the College for Financial Planning. It's been very gratifying to apply the additional knowledge I've learned to further support Jim & Ted. Have a very fun and safe season!