



UNITED ASSET STRATEGIES, INC.

"planning for a lifetime"

October 2009

To our clients and friends,

Just one year ago, the phones were ringing with questions about the solvency of US Banks, a global recession and the real estate market collapse. Now, the phones are ringing with questions about the falling US Dollar, inflation fears and a total mistrust in the stock market's year-to-date gains. Some of you are asking what we at United Asset are doing, or plan to do, about these new concerns.

First, let us acknowledge the dollar's current weakness; but, we implore you to remember that the US Dollar was the safe haven during the last quarter of 2008 and early part of 2009. Countries all around the world chose our currency to invest in during a time of economic turmoil – yes, the US Dollar was the trusted currency. Has that much changed? Are we the only country to enact aggressive financial policies, print money and try to create economic stimulus? No! The world's view of our current administration is not helping the dollar's strength due to certain trade policies, rhetoric and ambitious domestic agendas. Perhaps there is more to the rumors of "secret" Gulf country meetings where discussions of changing dollar-denominated oil and gold to a different currency are taking place. This will not happen overnight, if at all, and by adjusting your portfolios gradually, we seek to protect your principal.

Generally, hedges against a falling dollar include investing in the currency and the goods of other countries. In addition to the mutual funds, ETF's and ADR's of foreign countries, we started to accumulate shares in the currencies of China, Russia, Brazil and recently, Australia. These hedges do not belong in all accounts as they have market and liquidity risks and do not generate much income, if any. In addition, certain accounts with limited US Dollar exposure do not need to hedge.

Secondly, the current inflation rate appears to be benign. In 2010, there will be no upward adjustment to social security recipient checks as the change in CPI was too small. Americans will pay less to heat their homes this winter and gas prices are down at the pump. Our investing style of moving early and gradually enhances our ability to add financially rewarding inflation hedges that generate income, protect principal or offer significant upside potential. Last Thursday night we hosted a local client loyalty dinner where the topic was "*Hedging a Portfolio Against Rising Inflation.*" The hedges we discussed included real estate (REITS), shorting bonds, precious metals, commodities, step-up bonds, CPI Adjusted bonds and TIPS – Treasury Inflation Protection Securities.

At this time of year, we make available to you a copy of our Privacy Notice, which is enclosed and offer to you, upon request, an up-to-date copy of the firm's ADV Disclosure Form. Please feel free to call to discuss the level of your realized gains/losses year to date and to coordinate a tax gain or loss harvest strategy that will work best for you.

The Professional Staff at United Asset Strategies, Inc