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Whitcomb & Hess
CPAs & Investment Advisors
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Strength in Numbers Since 1983

Team Update

By Jim Hess, CPA, CEO

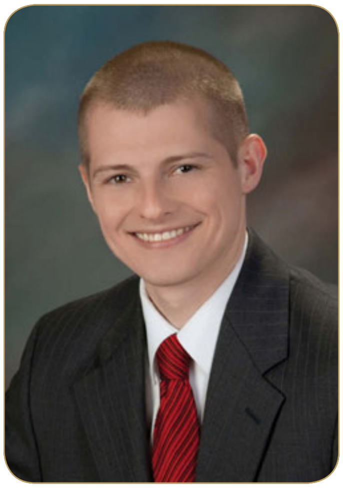
I am pleased to share some exciting news with you about three of our team members.

Tracy Eichelberger, Investment Advisor, joined us in August, having previously worked for Millennial Group, an investment advisory firm in Akron, and a State Farm Insurance agency in Wooster. She is experienced in financial planning and is also licensed in multiple insurance lines. Tracy graduated Magna Cum Laude with a Bachelor's Degree in Business from Lincoln Christian College in Illinois and from West Holmes High School. She works with our investment team to serve clients on personal financial planning and personal income taxes.

We are thrilled to add another experienced advisor to our team. Tracy brings a warm, friendly spirit along with her financial knowledge. In her spare time she enjoys working with women as a Mary Kay consultant, which brings new meaning to the color pink at W&H! Tracy also loves watching Ohio State football and spending time with her family. Along with her many family members, we are very pleased that she chose to return to this area.

Stephanie Clark, CPA, recently completed her Masters in Taxation from the University of Akron. Steph is a Senior Accountant who serves our business clients, preparing corporate income tax returns, financial statements and payroll tax returns. She coaches our clients' internal accounting staff and works closely with our accounting associates. Steph graduated from Ashland University with a Bachelor's Degree in Accounting & Finance. She came to W&H in 1998 and hails from Dalton. Steph is into personal fitness, running her first marathon in 2005 and second in 2010. She and her husband, Kris, have two sons, Tyler and Bryce.

Steph has shown a great deal of persistence and dedication over the past several years, earning her Master's degree by taking classes in the evenings while also working full-time and raising two active, rambunctious boys. We are very proud of her accomplishments.



Ryan Gilmer, Investment Advisor Representative, recently passed Level II of his Certified Financial Analyst (CFA) exam, a globally recognized standard for measuring the competence and integrity of financial analysts. Successful candidates must prove competence in a wide range of financial areas including quantitative analysis, economics, financial reporting, equity investments, fixed income, derivatives, alternative investments and portfolio/wealth management. Knowing that only around 1/3 of those taking this test pass it, we give Ryan a lot of credit for his hard work and commitment to his profession as evidenced by this achievement.

Ryan began here in 2006. He grew up in Ashland and graduated from Ashland University, where he earned a Bachelor's Degree in Business with a major in Finance. Ryan handles fund research and client portfolio review and advises clients on their investments. He lives in Ashland with his wife, Tessa.

"I am pleased to share some exciting news with you about three of our team members."

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Not your Typical R.I.P.

By Aaron Bates, CFP®, Investment Advisor Representative

January 1, 2011 marked a significant date in modern history. This is the day that the "Baby Boomers" began turning age 65. Historically, 65 has been the age of retirement. Like most things in its wake, this generation is expected to radically change the way we think about the coming years of retirement. Gone are the days of the retirement party, a gold watch and a pat on the back after 30-plus years of service at the company. This generation is working longer, living longer, starting new enterprises, and living more productive lives than the generations before them. We are living in a post-industrial era and people at age 65 are busy redefining themselves with the loads of passion they still have to offer society.

> **"This generation is living more productive lives than the generations before them."**

I recently attended a conference hosted by the Financial Planning Association and much of the time was devoted to the needs and demands of this new type of retirement generation. One of the most significant financial challenges is helping this generation switch from gathering and building assets to maximizing retirement income. In the financial planning world we call this Retirement Income Planning (RIP). RIP is the intersection of asset management, cash flow allocation, income tax minimization, pension distribution, and Social Security maximization. Succession planning or estate planning are also vital components of this intersection. All these disciplines intertwine and present a complex set of choices and decisions. For this reason, it's really a lot of fun working with couples from the Boomer generation because each family has a unique set of circumstances, goals, and resources. Clients coming to us today are trying to simplify their lives while leveraging the various retirement resources that they have accumulated over the years.

We are also dealing with an uncertain tax code at this pivotal point which significantly impacts retirement planning. This complicates planning and necessitates constant attention and innovation to design unique financial strategies tailored to each family's situation. At the conference, many attendees lamented the lack of direction from our political leaders because it places much of the responsibility on individuals to manage their resources the best they possibly can.

This is where we can help our clients meet these challenges by guiding them through the retirement income planning (RIP) process. As Baby Boomers begin shifting from asset accumulation, to asset consolidation, to asset distribution, we stand ready with a team of experts in these disciplines to help them successfully navigate their RIP. We believe that this shouldn't be a time of despair, but a time of real opportunity for those who define the Baby Boomer generation.

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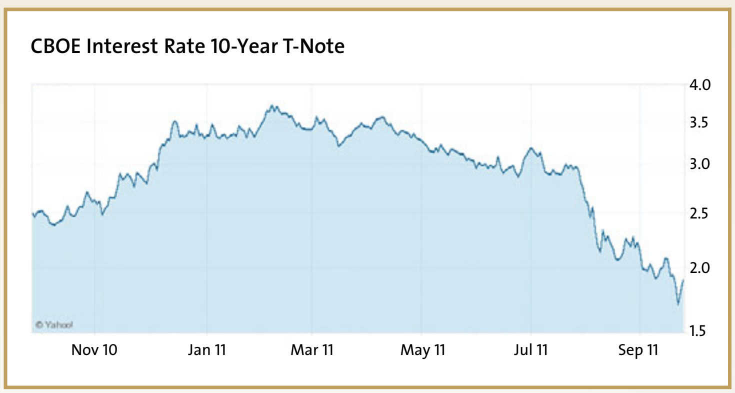
INVESTMENT UPDATE

by Ryan Gilmer, Investment Advisor Representative

In the third quarter, the S&P 500 Index was down 13.87%. Year to date the index is down -8.68%. As you can see from the graph below, there has been significant volatility year to date, especially in the third quarter. Volatility is not uncommon in the stock market, in fact, it is what accounts for higher returns over time. Without risk there is lower return potential. It is difficult to find a five year time period in which the stock market did not face a significant decline.

Also in the third quarter, as shown in the graph below, the yield on the 10 year Treasury bond dropped from around 3.00% to around 2.00%. Year to date, the 10 year Treasury bond yield has been steadily dropping since February.

As bond yields drop, bond prices go up and bond investors realize a positive rate of return on their investment.



What is the market telling us?

Herman's Hermits recorded a song in the 1960s called "I'm Henry the VIII, I Am" in which they sang "second verse, same as the first." The third quarter of 2011 was certainly the same as the second quarter, where bond yields continued to decrease right along with stock prices. These lower bond yields indicate a slowing economy and higher demand for safe investments. In the short term investors are more concerned about the stock market than the bond market.

Although lower bond yields are consistent with fears of deflation and slow economic growth, higher bond yields are consistent with fear of default by the U.S. government. Based on the current bond market, neither is of great concern given today's economic climate.

What is the outlook for stocks?

Charles de Vaulx, manager of the IVA Worldwide fund, recently reported on a conference call that he views Japan and Europe as places where he can find cheap stocks. Japan has endured a 20 year bear market and economic concerns are permeating Europe. These issues allow de Vaulx to buy stocks at depressed prices.

Many of our fund managers also employ de Vaulx's tactics, using a buy low/sell high strategy commonly known as value investing. When the fair value (or intrinsic value) of a stock is greater than the market price, it's a good time to invest. As market prices have declined substantially over the past quarter, these value investors have been busy re-evaluating equities and establishing positions at lower prices.

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MARKET RECAP

How the major indices performed in the 3rd Quarter 2011

DOW JONES INDUSTRIAL AVERAGE (Total Return)
3rd Quarter return -11.49% YTD return -3.90%

S & P 500 COMPOSITE (Total Return)
3rd Quarter return -13.87% YTD return -8.68%

RUSSELL 2000 (Total Return)
3rd Quarter return -21.87% YTD return -17.02%

BARCLAYS US AGGREGATE BOND
3rd Quarter return +3.82% YTD return +6.65%

Disclosure Statement

Please contact Whitcomb & Hess, Inc. if there are any changes in your financial situation or investment objectives, or if you wish to impose, add, or modify any reasonable restrictions to the management of your account. Also, as required by the United States Securities and Exchange Commission, a copy of our Part 2 of Form ADV: Firm Brochure, which provides information about the qualifications and business practices of Whitcomb & Hess, is available upon request. To request a copy contact Rose Anne Kline at 419.496.2137 or 1.800.379.7007 or rkline@whitcomb.com.

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OUR CORE VALUES:

We trust in God

We exist to serve others

We treat others as we wish to be treated

We look to the future

We balance our lives

We have fun

We are available Monday– Friday to help you with your financial and investing questions.
Call for your FREE one-hour consultation today! 419.289.7007 or toll free 1.800.379.7007.

We are always open to new clients who value the holistic financial service we provide. Please contact us today at info@whitcomb.com.

If you'd like to find out more about us, check out our website:

www.whitcomb.com