



We've enjoyed strong absolute and relative returns this year after a difficult 2008.

We continue to believe that we are in the midst of a major debt-driven transition in the economy that will keep risks elevated, result in continued economic headwinds, and have longer-term consequences due to the buildup of our public (government) debt.

Collectively, states and municipalities are suffering from the steepest decline in tax revenue on record.

We are currently in the largest global stimulus ever to occur in peace time.

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Quarterly Investment Commentary

Mariner Wealth Advisors, LLC

Fourth Quarter 2009

Investment Review

When the dust settled on one of the most eventful and upended years in memory, investors had generous gains in stocks and certain segments of the bond market to salve the wounds of a disastrous 2008 and first quarter of 2009. Stocks finished the year strongly, continuing their powerful run that began in early March. Large-cap stocks, based on the Vanguard 500 Index Fund, gained about 6% in the final quarter, and finished 2009 with a 26.5% gain. In both the quarter and the full year, growth sharply outpaced value, but between larger-caps

December Benchmark Returns (Preliminary)			
	Dec	4Q	YTD
Large-Cap Benchmarks			
Vanguard 500 Index	2.0%	6.0%	26.5%
Russell 1000 iShares	2.4%	6.0%	28.3%
Russell 1000 Growth iShares	3.1%	7.9%	36.9%
Russell 1000 Value iShares	1.8%	4.2%	19.6%
Mid-Cap Benchmarks			
Russell Midcap iShares	5.7%	5.9%	40.3%
Russell Midcap Growth iShares	6.2%	6.6%	46.0%
Russell Midcap Value iShares	5.2%	5.2%	34.0%
Small-Cap Benchmarks			
Russell 2000 iShares	8.0%	3.8%	27.1%
Russell 2000 Growth iShares	8.5%	4.1%	34.4%
Russell 2000 Value iShares	7.6%	3.6%	20.4%
Other Benchmarks			
Vanguard Total Int'l Stock Index	1.5%	3.2%	36.7%
Vanguard Emerging Mkt Stock Index	3.6%	8.2%	76.0%
Vanguard REIT Index	7.0%	9.1%	29.6%
Vanguard Total Bond Mkt Index	-1.7%	0.1%	5.9%
Merrill U.S. High Yield Cash Pay	3.0%	5.8%	56.3%
Barclays 7 Yr Muni Bond Index	-0.6%	-0.6%	7.6%
Citigroup World Govt. Bond Index	-5.0%	-1.9%	2.6%
JPMorgan GBI-EM Global Div. Index	-0.4%	2.8%	22.0%
DJ-UBSCI (Commodity Futures)	2.0%	9.0%	18.9%
Barclays Credit Bond iShares	-1.1%	0.9%	14.2%
Barclays 7-10 Yr Treasury Bond iShares	-4.3%	-2.5%	-6.4%

and smaller-caps, returns were pretty similar. Mid-caps were a different story; while the iShares Russell Midcap ETF posted fourth-quarter returns in line with the overall market, full-year returns were just north of 40%.

On the domestic fixed-income side, returns varied widely in 2009. The Vanguard Total Bond Market Index Fund gained 5.9% for the year, but the iShares Barclays 7-10 Year Treasury ETF was down 6.4% and the iShares Barclays Credit Bond ETF gained more than 14%. High-yield bonds, which normally exhibit hybrid characteristics of stocks and bonds, instead crushed both, with Merrill Lynch U.S. High-Yield Cash Pay Index gaining 56% for the year.

Heading overseas, the story was emerging markets. Both equity and debt of emerging-market countries left their developed-market counterparts in their dust. Vanguard's Emerging Market Stock Index Fund tacked on 8.2% in the fourth quarter to bring its full-year gain to 76%, versus a gain for the predominately developed market Vanguard Total International Stock Index of 3.2% for the quarter and a still impressive 37% for the year. For bonds the

pattern was tighter but the same: Emerging-markets bonds (JPMorgan GBI-EM Global Diversified Index) gained 2.8% and 22% for the quarter and year, while developed-nation sovereign bonds (Citigroup World Government Bond Index) lost 1.9% in the fourth quarter and gained only 2.6% for the year.

2010 Outlook

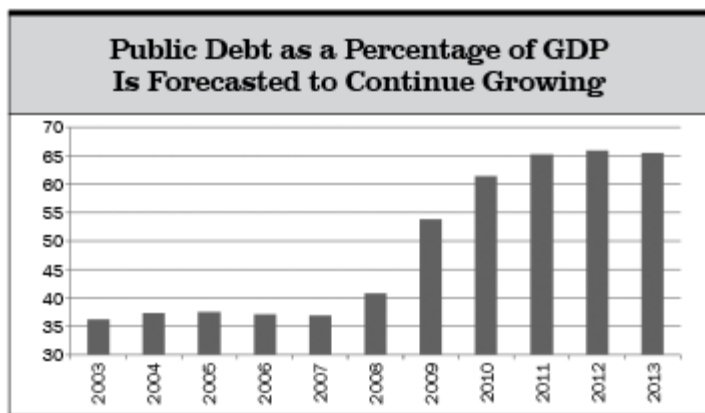
Household Debt

Households have hit a debt wall and are in the process of deleveraging. Despite the huge government stimulus, this process is not close to being over. Household debt levels doubled in the last decade on an absolute basis and were 50% higher when compared to the overall economy (GDP). At 99% of GDP, household debt is barely off its all-time high. Debt levels along with sizable wealth destruction (due to declining home equity and stocks), high unemployment, and uncertainty about the economic future have triggered a reality check. Private debt levels are being paid down at a faster rate than we've seen since the mid-1960s and probably for many years before that (our data only goes back to 1966). However, debt levels that expanded over decades can't be taken down to more prudent levels in a few quarters. It will take time. Moreover, though interest rates are low, debt is generally less

available for those who want or need to borrow as lenders have shifted from almost nonexistent underwriting standards to a world of highly cautious lending.

U.S. Government Debt Explosion

Governments around the world have been filling the vacuum created by the consumer retrenchment with extremely expansionary monetary and fiscal policy. The U.S. government has been particularly aggressive and in aggregate its actions probably saved us from a 1930s-type depression. However, the resulting leap in the government



Stimulus spending and falling tax receipts have caused a spike in public debt. The debt burden is forecast to worsen significantly due to the increasing cost of entitlement programs like Medicare and Social Security, and of servicing the national debt.

deficit comes at a terrible time. This increase, coupled with a coming explosion of Social Security, Medicare, and Medicaid benefits to retiring baby boomers, means that the United States faces extremely challenging times in coming years.

The financing of our public debt has not been a problem so far because the financial crisis created a surge in investor demand for U.S.-backed debt and contributed to rock-bottom interest rates. But it will get more challenging. It's estimated that the U.S. government will need to borrow \$3.5 trillion over the next three years. Additionally, over the next year about \$1.6 trillion of debt is maturing and will have to be rolled over. Now, with much of the developed world facing similar problems and needing to borrow, and increased risk appetites resulting in less demand for government paper, borrowing rates are likely to rise at least a bit over the next couple of years.

Municipality Debt

Collectively, states and municipalities are suffering from the steepest decline in tax revenue on record. Because most must balance their budgets they are forced to cut spending and jobs. This offsets some of the government stimulus from the federal level. Forecasts by the Center on Budget and Policy Priorities suggest that the economic drag from state and local governments could actually increase and cost about 1% of GDP over the next couple of years.

Optimism for 2010

While the debt problem will undoubtedly effect U.S. Government bonds we anticipate many other opportunities in the coming year. We see positives in:

- This is the largest global stimulus ever to occur in peace time.
- The strength of the emerging-markets economies feeds back into the global economy and is a positive for exports and manufacturing.
- Corporate balance sheets, outside of financials, are in good shape including the best liquidity in 50 years. Some believe this will support investment.
- Inventories are low and a rebuilding cycle is beginning, which will support some growth.
- The severity of the economic contraction and corporate cost cutting may mean that businesses overreacted and will need to aggressively increase investment and hiring.

We've enjoyed strong absolute and relative returns this year after a harrowing 2008. But, we head into 2010 and beyond knowing that there's no time to enjoy the good feeling of a successful year—the world and the markets don't give us that luxury. As we look ahead over the next several years, despite the beginnings of an economic recovery that at this point has been mostly government supported, we continue to evaluate the current economic environment and analyze the risks and opportunities.

As always, feel free to contact us with questions, or visit us at www.marinerwealthadvisors.com.

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