

March 16, 2011

Dear Valued Investor:

A combination of natural disasters and geopolitical unrest has stirred equity markets over the last month, with the crisis unfolding in Japan triggering the latest round of investor worry. The severe earthquake and resulting tsunami crippled the world's third largest economy, but it has been Japan's damaged nuclear facilities that have made a tragic situation even worse. Global markets are clearly shaken as they try to assess the full extent of the damage to Japan's economy and any contagion that might derail the global economic recovery. While the tragedy in Japan alone is certainly significant enough to rattle the markets, there are also other risks facing investors, including the escalating violence in Libya and Bahrain as well as renewed European debt problems.

Large natural disasters often have short-term negative impacts on the market. This is partially explained by the uncertainty that emerges in the aftermath of a disaster. But it is even more understandable when you think of the market as just an assembly of investors—all human—that rightly share sorrow, concern, and grief for the victims and their families of natural disasters. It almost seems appropriate that the market mourns in line with the world as we collectively lift our thoughts and prayers to those more in need. In January 2010, the market fell for four weeks following concerns over economic issues in China and the tragic Haitian earthquake—a selloff likely triggered equally by uncertainty and grief.

But, the uplifting news is that a united world that comes together to the aid of natural disaster victims usually creates an improved economic landscape for investors as well. It is not the disaster that will define Haiti or Japan. Rather, it is the recovery that will inspire new growth and new opportunities as well as serve as a transition from crisis to prosperity. The same is true for the market, as nervous investor selling will give way to investment opportunities. While in the near term Middle East tensions and the crisis in Japan will stay at the forefront of the market's focus, and I believe that stocks may deliver solid returns in 2011.

Much of the catalyst for improved investor sentiment will be clarity coming from the Middle East and Japan as well as a refocus of the market's attention from crisis to recovery. Let us not forget that the main concerns prior to the recent market turmoil were rising inflationary pressures and the fear that the global recovery emerging from the recent recession was perhaps progressing too fast, especially in rapidly growing countries like India, China, and even the United States. Therefore, as the world heals from the tragedy in Japan and the Middle East finds some resolution, I expect that the market will once again focus on growth, not fear.

In the meantime, the current conditions support a cautious stance while the market digests the recent events. However, as Japan transitions from tragedy to rebuilding, I expect the market to resume its steady march higher, which could offer positive investment opportunities. As always, if you have questions, I encourage you to contact your financial professional.

Best regards,



Burt White
Chief Investment Officer
LPL Financial

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