LPL Financial

9785 Towne Centre Drive
San Diego, CA 92121-1968
One Beacon Street, 22nd Floor
Boston, MA 02108-3106

September 21, 2011

Dear Valued Investor,

Continued concern over the debt burden of the developed world combined with the deeply divided political landscape in Washington, D.C. has many investors questioning the sustainability of the economic recovery following the Great Recession of 2008. Growth has slowed and we believe the chance of revisiting a recession has increased to approximately 35%. However, the most likely scenario remains that global growth will continue at its modest pace, which could offer an upside surprise for an increasingly bearish-biased market.

While these volatile markets are sending many investors scrambling for a rock to hide under to wait out the uncertainty, I believe turning over those rocks in search of investment opportunities may prove fruitful over the long term. Fear and emotion oftentimes defines short-term market reactions. However, when fear is at its pinnacle, a patient temperament, faith in your investment plan, and a commitment to opportunistic investments can ultimately turn short-term market challenges into long-term investment success.

One does not have to go far into the history books to find two periods where short-term fear transitioned into investment triumphs. Today's investment environment is causing investors to face similar challenges to those that haunted them in 2008 and again during the summer of 2010. In both of those periods, prices had declined further than their fundamental values and proactive policy action by central banks served as the catalyst to lure opportunistic investors back into the market. I believe that the same environment exists today and the same elixir is needed for these uncertain times.

The crowded trade certainly remains bearish, but policy actions to stoke the economic growth fire have begun again in earnest. The Federal Reserve Bank announced today that they will provide additional stimulative monetary policy through Operation Twist. Moreover, many central banks around the world that had been intentionally slowing their country's growth in an attempt to head off inflation are now switching from the brake to the gas pedal to provide more stimulus to jump start growth and the stalling global economic recovery.

The market appears to be suffering much more from a lack of clarity and a wave of uncertainty than it is a degradation in economic fundamentals. While growth has undoubtedly slowed, most corporations are still on pace to post near-record third quarter profits, business spending continues to be strong, and retail sales remain positive. In fact, buoyed by surging auto production and sales following the disruption caused by Japan's springtime natural disaster, economic growth this quarter for the United States may be poised to not only be the fastest of the year, but also to be faster than the first two quarters of the year combined.

Despite this modest and far from disastrous outlook, uncertainty has outweighed optimism and question marks have outpaced clarity. The market is essentially suffering from a recession of confidence. With the mood decidedly bearish, the market does not believe in this recovery and investors do not have faith that

LPL Financial

policy makers can avert the second recession in three years. But, it is fear and emotional disbelief that often serves as the catalysts to lower expectations — and stock prices — to levels that even market bears see the value of owning. While the market still faces a challenging environment and has a wall of worry to overcome, I believe that patience and a vigorous commitment to your investment plan is the best strategy to weather this bout of uncertainty and serve as yet another example of the resiliency of the markets, the global economy, and American business. As always, if you have questions, I encourage you to contact your advisor.

Best regards,

Burt White
Chief Investment Officer

The Federal Open Market Committee action known as "Operation Twist" began in 1961. The intent was to flatten the yield curve in order to promote capital inflows and strengthen the dollar. The Fed utilized open market operations to shorten the maturity of public debt in the open market. The action has subsequently been reexamined in isolation and found to have been more effective than originally thought. As a result of this reappraisal, similar action has been suggested as an alternative to quantitative easing by central banks.