



Market Commentary – October 24, 2008

RegentAtlantic is a fee-only wealth management firm. We define wealth management as the integration of financial planning and investment management. Our clients are individuals, retirement plans, foundations, corporations, trusts, not-for-profits and endowments. We manage approximately \$1.2 billion of assets. Our clients outline their goals and are guided by our knowledge and solutions in order to meet those goals. Some differentiators for our firm include:

- We have a deep bench of financial professionals. Among our 38 employees, we have 16 CERTIFIED FINANCIAL PLANNERS™, 5 Chartered Financial Analysts, 10 MBAs, 2 CPAs, 2 JDs, 2 with MS degrees, 1 ChFC, 1 CDFIA, and 1 CLU. Our culture fosters teamwork and collaboration, so that each client of the firm has access to the expertise of any and all of our financial colleagues.
- When we begin a relationship with a client, we first seek an understanding of that client's goals and financial situation. For individuals or families, examples of those goals can be retirement, planning for education funding for our client's children, charitable giving, estate planning, or buying a second home at the shore. From the information provided, we analyze with our client what steps will likely be necessary to achieve our client's financial goals, and when appropriate, what tradeoffs our client may have to consider to achieve those goals. These steps help us to recommend a diversified investment portfolio for our clients to consider.
- Our firm's investment discipline is based upon the principles of Modern Portfolio Theory. We use globally diversified, multi-asset class portfolios which we believe, over the long term, have the potential to increase return while limiting the risk taken to achieve that return. Of course, as recent events have shown, all investments have risk, including the risk of loss of money invested.

To give you a sense of our relationship with our clients, we recently sent the Market Commentary below to clients on October 24, 2008.

If this communication arrives at a time when you are evaluating your financial future, we would welcome the opportunity to talk with you.

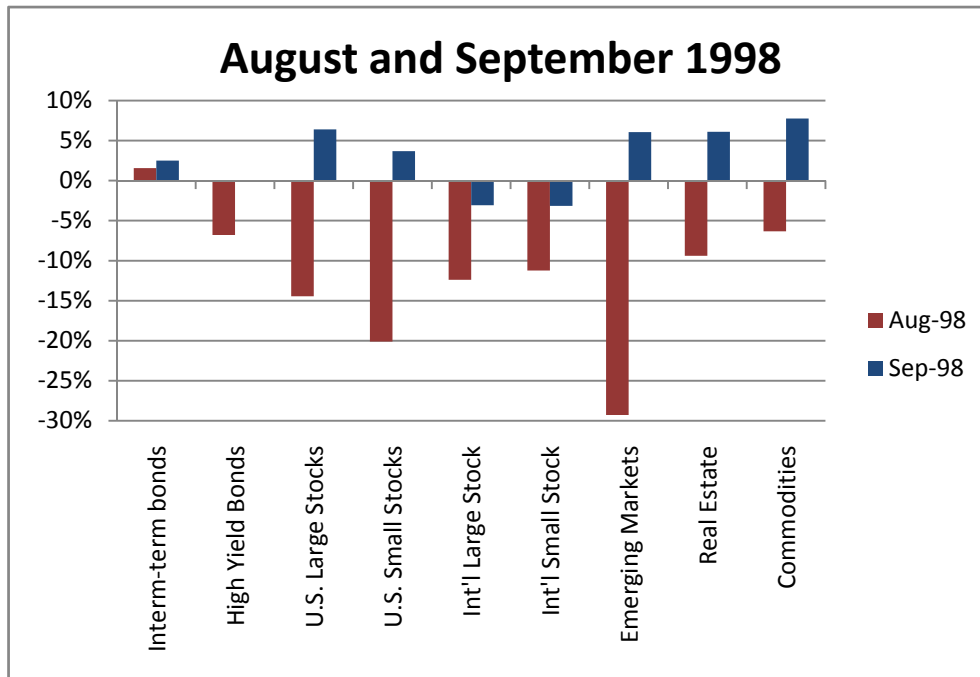
During a gale, trees, shrubs, flowers, and even blades of grass tend to move in unison. During a hurricane, everything standing bends in the same direction, at least until it breaks. Then after the gale or hurricane has passed, things resume their normal, independent patterns of movement and growth, and variety and randomness reign again. Adults aren't surprised when, during extreme weather conditions, the natural order (or disorder) of things is overcome by enormous forces. We remain confident that the world's typical patterns and rhythms, along with its chaos and unpredictability, will eventually reassert themselves.



Our current problems involve a worldwide restructuring of individual and institutional balance sheets, with assets of every kind being dumped on the market in response to the drying up of credit, and consumer and business spending slowing down in anticipation of reduced incomes. The current financial crisis has grown to the largest hurricane the markets have experienced in our lifetimes, pushing almost all financial assets in the same downward direction. The overwhelming force of this storm has led some people to question whether broad portfolio diversification still works. Could this crisis be so profoundly different that all financial assets have been genetically altered, now destined to continue moving in synch indefinitely? We think not. Given the strength of this storm, can it be realistic to expect any asset classes to survive such winds and move independently again? In a word, "yes".

Let's examine a previous global storm that caused most asset classes to move in the same direction to see how this may play out after our current crisis. Following Thailand's devaluation of the baht in late 1997 and the ensuing "Asian contagion" among many of that region's economies, Russia devalued the ruble and defaulted on its short-term bonds in mid-August 1998, tipping the world's financial markets into a full-blown crisis. This sparked a selloff in almost all financial markets around the globe. Every equity asset class was sharply negative for the month of August as the waves of the Russian debt crisis washed around the world. This was a smaller version of the crisis we are currently living through.

The Russian devaluation and default crisis triggered a global "flight to quality", bringing down the giant Long-Term Capital Management hedge fund, with the Federal Reserve finally intervening to head off a feared total meltdown. By the end of September 1998, the world's financial markets had moved past the crisis and began to resume their normal, independent rhythms. Some of the asset classes turned positive while others remained negative.



The problems caused by Asia and Russia in 1998 produced a relatively short-term crisis of confidence that rippled around the world, but forceful government intervention and a basically robust global economy settled everyone’s nerves quickly. In no way do we mean to minimize the current crisis by saying this will be over in another month or so. We do not believe that will be the case.

While we cannot predict the duration and severity of the recession we appear to have entered, we are confident that humanity – working as individuals, businesses, institutions, and governments – will persevere and get through this, just as it has survived other economic and military conflagrations in the past. When the financial markets do return to normal, we fully expect different asset classes will continue to behave in the fairly random order that forms the basis of modern portfolio theory. Based on our historical research, different asset classes can recover at very different rates after large declines. We cannot predict which asset classes will do best, so we will continue to spread out our exposures and adhere to a discipline of broad diversification and re-balancing.

Sincerely,

RegentAtlantic Capital, LLC

Last week’s Market Commentary dated October 17, 2008 had an error in the Asset Classes chart. Here’s the link to the corrected chart - <http://www.regentatlantic.com/media/pdf/Market-Commentary/RegentAtlantic%20Market%20Commentary-October%2017,%202008.pdf>

Important Disclosure:

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this letter will be profitable, equal any corresponding indicated historical performance levels, or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this letter serves as the receipt of, or as a substitute for, personalized investment advice from RegentAtlantic Capital, LLC. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to their individual situation, they are encouraged to consult with the professional advisor of his/her choosing.

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