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Market Commentary – September 18, 2009

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, foundation corporations, trusts, not-for-profits, and endowments. We manage approximately \$1.6 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 37 employees, we have 17 CERTIFIED FINANCIAL PLANNERS™, 5 Chartered Financial Analysts, 12 MBAs, 2 CPAs, 2 JDs, 3 with MS degrees, 1 ChFC, 1 CDFAs, and 1 CLU. Our culture fosters teamwork and collaboration, so that each client of the firm has access to the expertise of 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 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 September 18, 2009.

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

Mid-September now brings us two weighty anniversaries: the 9/11 attack by Al Qaeda operatives and the 9/15 bankruptcy of Lehman Brothers. For years to come, these anniversaries will elicit much analysis and soul searching about what went wrong, why the dots didn't get connected in time, whether the responses were well conceived and executed, and what lessons have been learned.

We have regularly shared our thoughts about the financial markets meltdown and recovery throughout the past year; at this point we want to look and move forward. Our investment approach and process now embodies significantly enhanced valuation metrics, a qualitative read on overall market conditions, and the ability to alter our clients' balance between growth and fixed income assets based on our current thinking. The turmoil in the financial world has also led some wonderful new recruits to our Morristown quarters, and we believe we've never fielded a stronger collection of talent.

We remain grateful that almost all the world's national governments and central banks quickly grasped the severity of the threat and responded with massive, unprecedented monetary and fiscal stimulus measures. They've worked: Armageddon missed us this time. What we can't know is at what ultimate price. The post-Lehman world is and will remain different from prior times. As private balance sheets continue to deflate, government and central bank balance sheets continue to bloat. No one wants this situation to continue indefinitely, but no one is sure how quickly or widely to remove all the government and central bank supports.

We share the majority view that we will likely see a slower-than-usual recovery from the recession, because the recession was relatively severe, it was global, and it was accompanied by a near-death crisis in the financial system. The U.S. and other developed nations appear on the mend, but we suspect the healing will prove gradual, with much higher than usual unemployment. We see little threat of inflation unless and until the dollar falls much further against other major currencies, which we don't foresee. Although the emerging markets countries (or developing economies, as you will) didn't turn out to be fully "de-coupled" and immune to the meltdowns in the developed nations, their economies have recovered at an extraordinary pace, and we believe investments in those markets could continue to provide generous returns in exchange for their above-average volatility.

Aside from the fundamentals, we also believe that investors around the globe, having been stung so badly between last September and March, will remain highly sensitive and vulnerable to quick mood changes. The major volatility index (VIX) has remained below 30 since July 9, but any run of bad news could cause the herd to turn sharply. We are content to remain on high alert with an underweighting of growth assets and an overweighting of fixed income for the time being.

Finally, the fallout from Lehman's failure showed once again the limitations on anyone's ability to predict the future course of hugely complex systems. It appears that few, if any, of the wise

folks assembled in New York from the government and private sectors over the September 12-14 weekend to avoid or manage the Lehman problem understood how rapidly the firm's bankruptcy would freeze the commercial paper market and inter-bank lending, in turn posing lethal threats to both money market funds and a lot of corporate America's ability to keep operating. But just as those folks underestimated the damage about to ensue, many of us may be overestimating the difficulty of climbing out of our current hole. Only time will tell.

Remember that you need a supercomputer to confidently manage your way to a win in a game of chess involving only 32 moving parts, with a limited set of simple rules that can't change and with human emotion a nonfactor (against a world class opponent). Compare that to the task of successful portfolio management, with the linkages and feedback loops in the global economic system and financial markets as good as infinite, and the future tides of human emotion always highly relevant and totally inscrutable. No one but a con artist or fool would predict the future with confidence. We will have to be content to proceed with caution and humility while hoping that our best efforts will yield relative success.

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 level(s), 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 his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Please remember to contact RegentAtlantic Capital, LLC if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Please also advise us if you would like to impose, add, or to modify any reasonable restrictions to our investment management services. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request.