



Market Commentary – September 30, 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 PLANNERSTM, 5 Chartered Financial Analysts, 10 MBAs, 2 CPAs, 2 JDs, 2 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 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 September 30, 2008.

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

We are starting a brief periodic e-mail summarizing what we're seeing in the financial markets and the world at large, and what we're thinking and doing about what we see.

First, late last week and over the weekend, Henry Paulson and Ben Bernanke appeared to have succeeded in educating (scaring) enough members of Congress about the downside risks of a global credit lockup that a rescue package would get enacted this week. A majority in the House thought otherwise yesterday, and at this point, enactment remains in doubt. The further question is whether, even if enacted, this legislation will prove sufficient. That is, will it allow us to muddle through the next year or so with nothing worse than a recession?

We salute Warren Buffett's commitment of \$5 billion of Berkshire Hathaway's cash to Goldman Sachs. It's a tiny investment compared to the proposed \$700 billion from the Treasury, but everyone knows Warren views Berkshire's money as his own, and probably no other individual's vote of confidence in the system could have been more significant last week.

While the turmoil in the global financial markets is close to unprecedented, and the bankruptcy or absorption of major market players is clearly unprecedented, we still see this as just another flavor of the kind of uncertainty and volatility that Modern Portfolio Theory principles were designed to confront and take advantage of. This is the kind of situation in which our standard blocking and tackling disciplines should continue to provide value: look at portfolios frequently to make sure asset class weights aren't drifting off target, and if they are, execute the rebalancing trades needed. Take tax losses in taxable portfolios where suitable replacement positions are readily available. Monitor investments to see if they still meet our criteria. And if estate planning is on your mind, this could be a once-in-a-decade opportunity to reduce future death taxes.

We are encouraging our clients to step back from the media's fear-mongering and take the long view. Because we are investors, not traders, we want our clients to see themselves as marathoners, not sprinters or even milers. Bear markets will always come and go, just like the bull markets that precede and follow them. The prices of many securities now indicate extreme pessimism, which has typically been a great time for bargain shopping. While we understand why many people would be unsettled by the current level of uncertainty, as well as a degree of government intervention in the markets not seen since the 1930s, the fact remains that the stocks of many fundamentally sound companies have been marked down drastically. We can't buy into Goldman Sachs like Warren did, but we believe a disciplined commitment of capital to businesses all over the world is likely to yield handsome returns over the next five years.

Sincerely,

RegentAtlantic Capital, LLC

Important Disclosure:

RegentAtlantic Capital does not provide legal, tax, or accounting advice; this email reflects our own understanding of current tax law. 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 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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