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RE: Market Insight - 3rd Quarter Report 2012

We are happy to enclose your 3rd quarter 2012 investment performance report for the period ending on September 30, 2012.

What a difference a quarter can make. Volatility continued during 2012, yet the markets have been quite resilient. The 2nd quarter market performance nearly reversed the positive performance of the 1st quarter while the 3rd quarter performance propelled markets back to levels not seen in years. With that said, it was a rewarding 3rd quarter for stock investors despite the slowing U.S. economy and ongoing European crisis.

The U.S. economy slowed further during the 2nd quarter. After lackluster Gross Domestic Product (GDP) growth just shy of 2.0%, annualized, in the 1st quarter, GDP growth slowed to an anemic 1.3% during the 2nd quarter amid slowing consumer and business spending and weak export growth.

In the 3rd quarter, data suggest growth has picked up somewhat, but is unlikely to grow by much more than a 2% pace, insufficient to fuel a significant pickup in job growth. Our estimate for GDP for the 2nd half of the year remains 2%, consistent with our forecast for the year as noted in our *2012 Outlook* publication and reiterated in the *Mid-Year Outlook.**

Stocks bounced back from a disappointing 2nd quarter to produce strong 3rd quarter returns. The S&P 500 returned 6.4% including dividends, with gains driven by aggressive action from both the U.S. Federal Reserve (Fed) and the European Central Bank (ECB) that boosted investor confidence. The uncertain future of the Eurozone that dragged stocks down during the 2nd quarter when the S&P 500 lost 3% was replaced by the ECB's firm commitment to "do whatever it takes" to preserve the euro and was backed by a bold bond purchase plan. U.S. growth concerns were replaced by prospects for more stimulus from the Fed.

Not surprisingly, bond investors did not quite fare as well as stock investors during the 3rd quarter, as the Barclays Aggregate Bond Index returned 1.6%. Slowing economic growth and additional support from the Fed prevented historically low yields from rising, as the 10-year Treasury yield ended the quarter where it started at 1.6%. Bond investors, like their stock investor counterparts, took more risk and sought higher yields, providing a favorable environment for high-yield and emerging market bonds. Year-to-date, the broad bond market index has returned a solid 4.0%.

Commodities bounced back from a weak 2nd quarter, propelled by the more favorable outlook in Europe and the United States. After a near double-digit decline for the DJ-UBS Commodity Index in the prior quarter, the 3rd quarter saw this index essentially reverse all of those losses with a nearly 10% advance, led by energy and agriculture gains. The strong 3rd quarter left the DJ-UBS Commodity Index with a 6% return year-to-date.

There was some encouraging news in the housing market. The S&P/Case-Shiller index of home prices saw three straight months of increases during the quarter and by quarter's end were at their highest level in nearly two years. Meanwhile, the National Association of Realtors® said home re-sales were 9.3% higher than a year ago. And although sales of new single-family homes fell 0.3% during August, the Commerce Department said they were still almost 28% higher than the previous August, and the median home price of $256,900 was the highest it's been since March 2007. Finally, housing starts were almost 30% higher than a year earlier.

The Federal Open Market Committee launched QE3, a new $40 billion bond-buying program that represents the 3rd round of quantitative easing designed to help stimulate the economy, and set no time frame for the purchases to end. The Fed also said it now anticipates keeping its target interest rate at its current low level until mid-2015.

U.S. manufacturing data was mixed. Hurricane Isaac helped cut the Fed's measure of industrial production by 1.7%, and a sharp drop in orders for commercial aircraft helped take durable goods orders down by 13.2% in August. Meanwhile, the Commerce Department said retail sales in August were 4.7% higher than a year ago, while the Bureau of Labor Statistics' yearly snapshot of consumer expenditures showed the 1st yearly increase in consumer spending in three years.

In China--the world's 3rd largest economy behind the United States and the eurozone--economic growth continued to slow in the 2nd quarter, hitting a three-year low of 7.6%. While robust by U.S. standards, it's still a far cry from the 11.9% seen at the beginning of 2010.

We sincerely appreciate the confidence and trust you have placed in us to manage your investments. We take this very seriously. We truly appreciate your business and the opportunity to work with you.

As always, I encourage you to contact your advisor if you have questions.

Best regards,

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Enclosures

Important Disclosures

Please note all figures with reference to returns are as of September 28, 2012. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly. The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* For insight into forecasts referenced please see LPL Financials 2012 Outlook and 2012 Mid-Year Outlook publications.

The Dow Jones - UBS Commodity Index is composed of futures contracts on 19 physical commodities. Unlike equities, which entitle the holder to a continuing stake in a corporation, commodity futures contracts specify a delivery date for the underlying physical commodity.

Stock investing involves risk including the risk of loss.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise and bonds are subject to availability and change in price.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Barclays Aggregate Bond Index: is comprised of the Barclays Government/Corporate Bond Index, Mortgage-Backed

Securities Index, and Asset-Backed Securities Index, including securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million.

The Dow Jones - UBS Commodity Index is composed of futures contracts on 19 physical commodities. Unlike equities, which entitle the holder to a continuing stake in a corporation, commodity futures contracts specify a delivery date for the underlying physical commodity. The fast price swings in commodities and currencies will result in significant volatility in an investor's holdings.