

March 15, 2012

Dear Valued Investor:

It seems like such a long time ago. American icons General Motors and Chrysler were getting bailouts, the big banks were being merged, and after a year and a half of steep losses we all were wondering if the stock market would ever stop falling.

Now, three years later, we marked the third anniversary of the bull market on March 9, 2012. And it hasn't been just another bull market. This has been the strongest bull market since WWII, with the S&P 500 Index up a little over 100% in the past three years.

As the bull market enters its fourth year, many of us are questioning how far stocks will continue to climb after doubling in three years. Although the markets will likely renew the volatility that characterized much of the past three years, we believe the bull market will persist. What might spur on the bull for a fourth year?

- **The confidence of consumers is rising.** Retail sales have been posting solid gains. And, as a sign of improved confidence, consumers are beginning to borrow for the first time since the financial crisis and ensuing bear market.
- **The employment picture is improving.** The weekly total of first time filings for unemployment benefits has fallen to a four-year low. The U.S. continues to add approximately 200,000 private sector jobs each month, most recently in construction, health care, leisure and hospitality, and manufacturing.
- **U.S. manufacturing trends are encouraging.** One of the mainstays of U.S. manufacturing — the auto industry — is resurgent. Auto sales reached 15 million vehicles in February, the highest level since 2008. And U.S. vehicle production schedules look robust so far in 2012 as demand is helped by increasing access to credit and continuing consumer confidence.

These positive facts for the bull market are further supported by historical bull market performance. Six of the past seven bull markets since WWII lasted more than four years and the average return in year four of those bull markets has been a solid 12.7%.

Obviously, bull riding can be a rough, though potentially rewarding, experience. There are still areas of concern for investors — for example, high gas prices, slowing earnings growth and fiscal challenges. However, current trends and other positive U.S. economic data, all of which have been gaining momentum, could spur on the record-breaking bull market ride to a fourth year.

As always, please contact your financial advisor with any questions.

Sincerely,



**Jeffrey Kleintop, CFA**

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The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult me prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

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.

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.

Stock investing involves risk including the risk of loss.

The United States Census Bureau is a division of the federal government of the United States Bureau of Commerce that is responsible for conducting the national census at least once every 10 years, in which the population of the United States is counted. The Bureau of Census is also responsible for collecting data on the people, economy and country of the United States.

The Bureau of Labor Statistics is a government agency that produces economic data that reflects the state of the U.S. economy. This data includes the Consumer Price Index, the unemployment rate and the Producer Price Index.

The Bureau of Economic Analysis is a division of the U.S. federal government's Department of Commerce that is responsible for the analysis and reporting of economic data used to confirm and predict economic trends and business cycles. Reports from the Bureau of Economic Analysis are the foundation upon which many economic policy decisions are made by government, and many investment decisions are made in the private sector by companies and individual investors.

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