

Weekly Market Commentary

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Highlights

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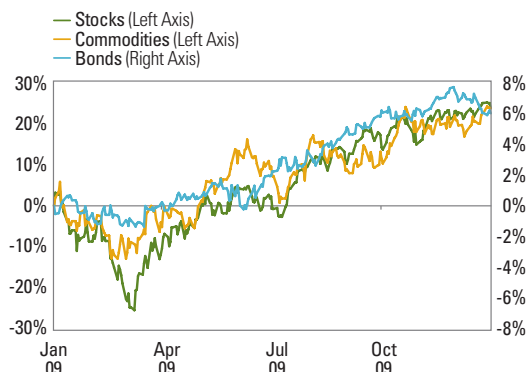
During 2010, glimmers of the impending return of diversification became evident as markets began to behave more independently of each other.

A key potential benefit of having the investments in your portfolio behave differently is that overall volatility is muted, which is especially valuable when taking distributions from a portfolio.

The return of diversification provides a confidence boost when it comes to helping manage risk and making more linear progress toward achieving investment goals.

1 Stuck Together: No Diversification in 2009

S&P 500, Commodity Research Bureau Commodity Price Index, Barclays Aggregate Bond Index



Source: LPL Financial, Bloomberg data 12/17/10

All indices are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

Diversification Is Back

Long-term focused, strategic investors have been granted an early wish this holiday season: diversification has made a comeback. The return of the effectiveness of this important investment risk management strategy is a welcome gift as investors look toward 2011.

In 2008 and 2009, most markets moved together as the outlook for all financial assets was tightly linked to the global financial crisis and recovery. Diversification offered little cushion to investors in the second half of 2008 as markets plunged. And, again as the recovery got underway in 2009, markets uniformly turned around and rose.

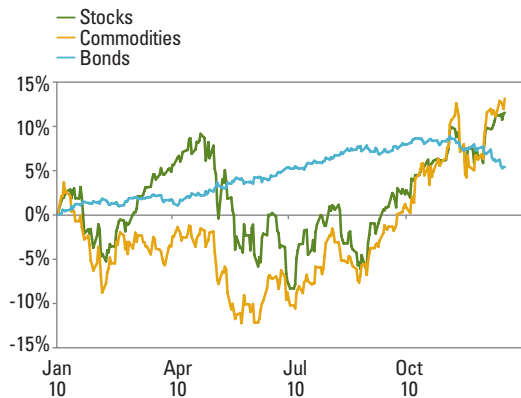
However, during 2010 glimmers of the impending return of diversification became evident. In May and June, as stocks and commodities fell, bonds steadily rose in value. And, again, in November and December, as stocks and commodities surged, bonds fell. For example, stocks are up 9% in the fourth quarter (as measured by the S&P 500 Index) while bonds are down 2% (as measured by the Barclays Aggregate Bond Index), as the year draws to a close.

Of course, a key potential benefit of having the investments in your portfolio behave differently is that overall volatility is muted. Muting portfolio volatility can be especially valuable when taking distributions from a portfolio. High volatility can shave years off the lifespan of a portfolio paying stable distributions since a larger percentage of the portfolio must be sold after the value of the portfolio has fallen in order to pay out the same amount. After the wild swings among all markets in recent years, this moderating force provides a confidence boost when it comes to managing risk and making more linear progress toward achieving investment goals.

Globally, financial markets are showing more independence from each other economically and in terms of performance. Two years ago, the countries of the world all plunged into a downturn in the first globally-synchronized business cycle. However, two years later, there are very notable differences among the world's economies. In addition, markets are responding to these differences. This is not just true for the emerging markets compared to developed markets, even within these similarly grouped markets, there are stark differences. For example, in the emerging markets, Greece is a lot different than Brazil. Both countries suffer from completely opposite problems when it comes to growth and attracting foreign capital; Greece has too little of each and Brazil too much. In developed markets, Europe is in a very different economic position compared to developed peers such as Canada and Australia who are growing much faster and are benefitting from

2 Spread Apart: More Diversification in 2010

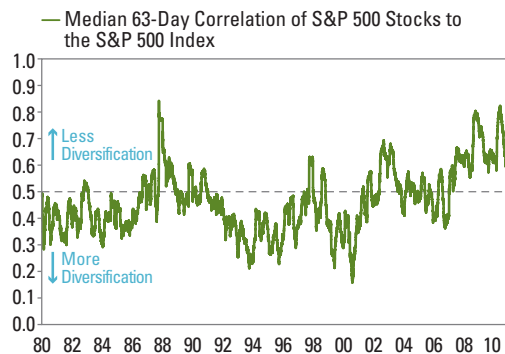
S&P 500, Commodity Research Bureau Commodity Price Index, Barclays Aggregate Bond Index



Source: LPL Financial, Bloomberg data 12/17/10

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3 Diversification Starting to Return within Stock Market



Source: LPL Financial, Ned Davis Research data 12/17/10

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the rise in commodity prices. Finally, it is obvious that the United States is economically much different from China.

Performance Varies Around the Globe

Year-To-Date Total Return through Friday 12/17/2010

Market	Return	Market	Return
Developed Markets	10.30%	Emerging Markets	15.40%
Greece	-37.10%	Brazil	1.10%
China	-8.00%	U.S.	13.70%
Europe	0.40%	Canada	20.30%

Developed Markets: FTSE All World Developed TR USD, Emerging Markets: MSCI Daily EM Gross USD TR, Greece: Athens FTSE ASE 20 Index, Brazil: Brazil Bovespa Index, China: Shanghai Composite Index, U.S.: S&P 500 Index, Europe: Euro Stoxx 50 Index, Canada: S&P Toronto Stock Exchange Index.

This return of the benefit of diversification was not limited to the major asset classes. Within the stock market, diversification has started to increase as individual stocks have started to move more independently of the overall market. In recent years, the 500 company stocks that comprise the S&P 500 index generally moved in lock step with the overall index, providing less diversification. However, the correlation, or degree to which the individual stocks move in sync with the index, is beginning to fall. This illustrates that portfolio diversification is making a comeback from the bottom up, as well as the top down.

IMPORTANT DISCLOSURES

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 your financial advisor prior to investing. All performance reference is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

International and emerging market investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

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

The fast price swings in commodities and currencies will result in significant volatility in an investor's holdings.

Stock investing may involve risk including loss of principal.

The Commodity Research Bureau (CRB) Index is an index that measures the overall direction of commodity sectors. The CRB was designed to isolate and reveal the directional movement of prices in overall commodity trades.

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.

This Barclays Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not ensure against market risk.

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