



**PROFESSIONAL
PLANNING
ASSOCIATES, INC**

**1429 Walnut Street
Philadelphia, PA 19102
215.875.8666
215.701.8745 FAX**

Dear Valued Investor,

Neither bulls nor bears in 2011, LPL Financial Research expects the economy and the markets will be range-bound in 2011. Bound by economic and fiscal forces that will restrain and not reverse growth, we believe the markets will provide modest single-digit rates of return.

In 2011, business leaders, policymakers, and investors will play important roles in shaping the investment environment. We anticipate that:

- The job market will stage a comeback. Slowing productivity gains have driven the need to bring on new workers, we believe business leaders will step-up hiring, ultimately resulting in the unemployment rate drifting lower. However, slow sales growth from tepid consumer spending will keep the pace of hiring modest. That said, we expect nearly twice the pace of job creation experienced in 2010. Economic growth as measured by Gross Domestic Product (GDP) in 2011 will be near the long-term average at 2.5 – 3%; however, this is below the average of 3.5 – 4%, which is typical at this stage of a business cycle.
- Policymakers will deliver economic stimulus. As 2011 gets underway, the Federal Reserve (Fed) will be in the midst of providing substantial economic stimulus — after already providing a record-breaking \$1.75 trillion in stimulus in 2008 and 2009. Later in the year, drags on growth will begin to emerge as the impact of the Fed's stimulative monetary policy begins to fade and there is a gridlock-induced shrinking of the federal budget deficit.
- Investors will play it safe. Inflows to riskier markets will be anemic, contributing to modest performance for both stocks and more aggressively postured bonds. We expect single-digit gains for stocks as earnings growth slows and valuations remain under pressure, and single-digit gains for bonds as yields remain range-bound.
- Currencies will influence returns. The currency impact on investing will be pronounced in 2011, as the currency war that began in 2010 presents both opportunity and risk. We expect a downward, volatile path for the U.S. dollar.

Overall, 2011 will continue the economic and market volatility of 2010. The global economy remains out of balance, teetering back and forth between the soft spots that invoke a need for increasingly extended policy support and the growth spurts that provoke a desire to begin to pull back some of the record-breaking stimulus. The last time government spending comprised as much of GDP as it does today (during 1945 – 1960); the economy went through a period of heightened volatility driven by the swings in policy action.

In 2011, the policy-driven themes of a broader U.S. foreign policy and reflation (the intentional pursuit of modestly higher prices), provide investment ideas that can thrive in a year where the performance of the major indexes is likely to be lackluster. Expected volatility, which will remain elevated, may present risks to be sidestepped and opportunities to be taken advantage of. Investors with a more opportunistic profile may benefit from a tactical approach to investing in order to find attractive opportunities when offered and successfully take profits when appropriate. Longer-term strategic investors should consider remaining broadly diversified. As always, we encourage you to contact me if you have any questions.

Sincerely,

David Waters

David S. Waters, CFP CLU RHU ChFC AIF
Vice President
Professional Planning Associates, Inc.
Phone: 215-875-8666
Fax: 215-875-8745
www.proplanners.org

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

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 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.

Past performance is no guarantee of future results.

This research material has been prepared by LPL Financial.

The LPL Financial family of affiliated companies includes LPL Financial and UVEST Financial Services Group, Inc., each of which is a member of FINRA/SIPC.

To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that

LPL Financial is not an affiliate of and makes no representation with respect to such entity.

Not FDIC/NCUA Insured | Not Bank/Credit Union Guaranteed | May Lose Value

Not Guaranteed by any Government Agency | Not a Bank/Credit Union Deposit 9785 Towne Centre Drive

Member FINRA/SIPC