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WEALTH MANAGEMENT GROUP
Retirement Distribution Specialists

Market Commentary
November 8, 2010

The Markets

The potential economic ramifications of last week's news are, to put it mildly -- huge.

Three big things happened that could have long-term effects on your portfolio and your financial well-being. First, on Tuesday, the Republicans scored a major victory in the mid-term elections and now have the upper hand in shaping the legislative agenda over the next two years. Should they succeed in cutting taxes and reducing spending, it could usher in a new era of fiscal conservatism that might cause short-term pain, but could lead to long-term gain. On the other hand, we could just end up with gridlock, finger-pointing or compromises that please no one.

Second, on Wednesday, the Federal Reserve cranked up the printing presses again and announced that they will buy up to $600 billion of additional Treasury securities by the end of June 2011, according to MarketWatch. In a November 4 Op-Ed piece in *The Washington Post*, Fed chief Ben Bernanke justified the action by saying, "Easier financial conditions will promote economic growth… lower mortgage rates will make housing more affordable and allow more homeowners to refinance... lower corporate bond rates will encourage investment… higher stock prices will boost consumer wealth and help increase confidence." On the other hand, some critics suggest that this action will lead to high inflation, a weak dollar, and perpetuate global imbalances, according to CNBC.

Then, on Friday, the Labor Department reported that the U.S. economy created 151,000 jobs last month, which was well above the forecast of 60,000 jobs, according to Bloomberg. On top of that, the previous two months' payrolls were revised upward to show 110,000 more jobs created than previously reported. Could the U.S. economy finally be on the cusp of a new wave of job creation?

The net result of these three sweeping things was that stock prices roared to their highest level in more than two years, according to Bloomberg. In addition, yields on two- and five-year Treasury notes dropped to record lows and gold prices surged to all-time record highs. Whew!

Barry Knapp, chief U.S. equity strategist at Barclays Plc in New York summed up the week very nicely by saying, "The elections point to the stabilization between the government and the private sector. The Fed purchases will go on for at least seven months, and the stronger-than-expected payrolls report creates an encouraging macro-environment going forward."

31 State Route 12, Flemington, New Jersey 08822 908.782.0001 800.743.4768 FAX 908.782.4168

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Data as of 11/5/10	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	3.6%	9.9%	14.6%	-6.6%	0.1%	-1.5%
DJ Global ex US (Foreign Stocks)	3.5	10.3	14.0	-8.1	4.0	3.2
10-year Treasury Note (Yield Only)	2.5	N/A	3.5	4.3	4.6	5.9
Gold (per ounce)	3.6	26.4	28.1	20.1	25.0	18.0
DJ-UBS Commodity Index	4.0	10.1	14.6	-5.6	-1.7	3.8
DJ Equity All REIT TR Index	4.0	29.4	45.6	-1.3	4.6	12.0

Notes: S&P 500, DJ Global ex US, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable or not available.

FOR ADDITIONAL CONTEXT, here are a couple more things to consider. First, we are in the midst of the strongest bull market since World War II. Yes, that does seem hard to believe, but here's the fact. Since the credit-crisis low reached on March 9, 2009, the S&P 500 is up more than 80%, which is the biggest advance at that stage (605 days) among any of the bull markets since World War II, according to Birinyi Associates as reported by CNBC. By comparison, "the next most powerful bull began in 1974 and was up just 61% through the very same time period."

And, second, sometimes it makes sense to leave our U.S. centric point of view and see what people in other parts of the world are saying about us. Here's what the London-based *Economist* had to say in an October 28 article:

> Despite its problems, America has far more going for it than its current mood suggests. It is still the most innovative economy on earth, the place where the world's greatest universities meet the world's deepest pockets. Its demography is favourable, with a high birth rate and limitless space into which to expand. It has a flexible and hard-working labour force. Its ultra-low bond yields are a sign that the world's investors still think it a good long-term bet. The most enterprising individuals on earth still clamour to come to America.

Succinctly, the U.S. may now be at a pivotal point. The current momentum could carry us, "up, up, and away," or, the recent strength could be nothing more than a mirage fueled by trillions of dollars of fiscal and monetary stimulus that eventually comes crashing down. Either way, we are here to help you navigate the road ahead.

If you would like more information please visit our website at www.prestigewmg.com or call us at 908.782.0001.

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Weekly Focus – Think About It

"Despite the monster gains off the bottom, the S&P 500 is still just at the highest level since September 2008. It will take another bull market, or gains of more than 20%, to get it back near its all-time high reached in October 2007." --*John Melloy, CNBC, November 4, 2010*

Best regards,
Prestige Wealth Management Group

Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their e-mail address and we will ask for their permission to be added.

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* This newsletter was prepared by PEAK.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.
* The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the London afternoon gold price fix as reported by the London Bullion Market Association.
* The DJ Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Past performance does not guarantee future results.
* You cannot invest directly in an index.
* Consult your financial professional before making any investment decision.

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