jVitucci
Financial Services, Inc.

303 Arlington Ave., Suite B3
Kensington, CA 94707

510.526.2220 Ext. 101
jason@jvituccifinancial.com
www.jvituccifinancialservices.com

Jason Vitucci, CFP®, EA
Financial Advisor
Managing Director
CA Insurance Lic.: 0F59894

November 28, 2011

Mid-Quarter Client Update – 4th Quarter 2011

As of November 16 – very near the mid-point of the last quarter of this year – the Dow Jones Industrial Average was up 4.48 percent for the year and the S&P 500 Index was up 0.01 percent. October proved to be the best October in 20 years, with S&P 500 returns at 10.8 percent. Many of the portfolio managers that work with our practice believe the fact that the market rallied in the face of significant worldwide issues is likely a sign of underlying strength.

We also feel that the following items indicate further strength in our economy:

- U.S. GDP for the third quarter grew at an annualized rate of 2.5 percent – nearly double the growth seen in the second quarter.
- For the most part, corporate earnings and revenues are not showing the weakness that analysts had feared, which demonstrates the strength of U.S. corporations.
- November's mid-month reading for Consumer Sentiment came in at 64.2, the highest reading since June.
- U.S. jobless claims for the week of November 5 fell to 390,000, the lowest number seen in seven months.
- The U.S. trade gap fell to $43.1 billion in September as exports reached record levels.
- Unemployment fell to 9 percent in October, the lowest rate since April.
- High yield bond spreads tightened every day during the third week in October, despite declining equities. This is in contrast to typical market activity and may indicate that investors are increasing their appetites for risk.

Unfortunately, with all eyes on Europe, no amount of good news coming from the U.S. seems to matter. Volatility has gained momentum this quarter as the ongoing euro-zone debt crisis has fostered headline trading. Positive headlines encourage market rallies, while negative headlines entice riots. Investors remain on edge, as each day seems to bring about either new optimism or growing concerns.

Investors are increasingly skeptical of Europe's ability to find a timely solution. The 10-year Italian bond yield has reached levels above 7 percent, a benchmark that makes traders nervous. Yields on

Securities and Advisory Services offered through First Allied Securities, Inc., a registered broker-dealer, Member FINRA, SIPC., and a Registered Investment Advisor.

other European bonds, including those in Spain and France, are also signaling trouble. We feel that U.S. markets remain contingent on the European debt crisis. Investors will continue to experience whiplash from market volatility in the coming months as the struggle for debt resolution carries on.

Our portfolio managers and I remain committed to monitoring the economic landscape as we manage your investment portfolio. Should conditions warrant, we will make adjustments to your portfolio, while keeping risk constant and seeking areas for outperformance. Thank you for your continued trust.

Sincerely,

Jason Vitucci, CFP®, EA
Financial Advisor

The views expressed herein are not meant as investment advice and are subject to change. Information contained herein is derived from sources we believe to be reliable, however, we do not represent that this information is complete or accurate and it should not be relied upon as such. All opinions expressed herein are subject to change without notice. This information is prepared for general information only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. You should seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. You should note that security values may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not a guide to future performance.

The Dow Jones Industrial Average (DJIA) is a price weighted index of 30 of the largest, most widely held stocks traded on the New York Stock Exchange. The S&P 500 Index is an unmanaged composite of 500-large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. You cannot invest directly in an index. There are risks associated with bonds. These risks include, but are not limited to, the same interest rate, inflation, and credit risks associated with the underlying bonds owned by the portfolio and your return of principal is not guaranteed. High Yield bonds may be subject to greater fluctuations in value and risk of loss of income and principal. High yield bonds are subject to numerous risks including higher interest rates, economic recession, and possible deterioration of the junk bond market, possible downgrades and defaults of interest and/or principal. High yield bond prices tend to fluctuate more than higher rated bonds; their values will generally fall as interest rates rise and are affected by short-term credit developments to a greater degree than higher rated bonds. Foreign securities may be subject to unstable international political and economic conditions, currency fluctuations, foreign controls on investment and currency exchange, withholding taxes, a lack of adequate company information, less liquid and more volatile markets, and a lack of governmental regulation which subject foreign securities to risk.