

EPIC CAPITAL WEALTH MANAGEMENT



WEEKLY MARKET PERSPECTIVE

May 2nd, 2011

Introducing Mr. & Mrs. Edward R. Doughty



Edward R. Doughty and Jenny Lynn Kluchurosky were married in Charlotte, NC on April 16th, 2011

The Markets

When Fed Chairman Ben Bernanke speaks, people listen.

The normally secretive Federal Reserve held its first-ever news conference last week and what Bernanke said turned out to be music to the market's ears. Here are some of his key comments:

- The Fed will end its current \$600 billion bond-buying program (QE2) in June (no surprise).

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- It will continue to reinvest the proceeds of maturing securities (a sign of continuing the easy money policy).
- It will maintain its exceptionally low target for federal funds for an extended period (another sign of continuing the easy money policy).

Source: Barron's

The markets seemed to like what they heard. Stocks, bonds, and commodities generally rose on the week. In fact, this latest round of bond-buying by the Fed -- the so-called QE2 -- has helped push the stock market up dramatically. According to an April 30 Barron's article, the Wilshire 5000, the broadest measure of the U.S. equity market, has risen and increased the wealth of stockholders by about \$4.1 trillion, or 32%, since last August 26, 2010, the day before Bernanke floated the idea of additional Treasury purchases (QE2) at a speech in Jackson Hole, WY.

There was other positive news last week, too.

- The Dow Jones Industrial Average and the S&P 500 closed at their highest level since mid-2008.
- The Russell 2000 Index of small cap stocks and the Dow Jones Transportation Index both hit all-time highs.
- Thomson Reuters reported that of the 323 companies in the S&P 500 that reported earnings as of last Thursday, 73% beat earnings estimates.
- Gold prices hit another all-time high and silver prices rose 28% in April -- a monthly record.

Source: CNBC

But, all that good news aside, for some, the best news of the week was the spectacular wedding of William and Kate (the "other" wedding that took place in April).

Data as of 4/29/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.0%	8.4%	14.9%	-0.7%	0.9%	0.9%
DJ Global ex US (Foreign Stocks)	1.5	7.1	17.6	-3.0	1.1	5.3
10-year Treasury Note (Yield Only)	3.3	N/A	3.7	3.8	5.1	5.3
Gold (per ounce)	3.5	10.3	33.4	20.9	18.7	19.4
DJ-UBS Commodity Index	0.7	8.0	31.4	-5.7	-0.3	4.9
DJ Equity All REIT TR Index	3.0	12.2	18.0	1.8	3.5	11.8

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.

WHAT DO THE WEALTHY THINK ABOUT THEIR WEALTH? The U.S. Trust recently published a report based on a January-February 2011 nationwide survey of 457 high net worth adults with \$3 million or more in investable assets. Here are a few of the interesting insights from the survey:

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- The main ways the respondents accumulated their wealth were (respondents could choose more than one):
 - 77% on their own through earned income
 - 59% through investments
 - 35% through employer equity/stock options
 - 28% through real estate transactions
 - 27% through inheritance
- The main factors that contributed to accumulating their wealth were (respondents could choose more than one):
 - 84% cited focus and hard work
 - 50% cited intelligence
 - 45% cited personal values
 - 35% cited luck
 - 30% cited passion about their work
 - 14% cited an overwhelming desire not to be poor
- Accumulating wealth did not come without cost as 47% said there were some sacrifices. Here are the main sacrifices in order:
 - Haven't taken enough time off
 - Too busy to spend time with family
 - Self-worth became defined by wealth
 - Mishandled personal relationships
 - Missed important milestones of family and friends
 - Physical health suffered

This survey suggests that hard work, focus, earned income, and investments are a recipe for financial success. Some things never change.

Weekly Focus – Think About It

“Success usually comes to those who are too busy to be looking for it.” --*Henry David Thoreau*

Financial Factoid: The average total return for the S&P 500 during the month of May since 1990 has been +1.6%, the 4th best performing month of any of the 12 months over the 21-year period (source: BTN Research)

Best regards,

Edward R Doughty, CFP®

P.S. 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 e-mail with their e-mail address and we will gladly do so.

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- * 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.