

Market Review – 4th Quarter 2010

Executive Summary

U.S. equity markets finished the year strong, posting a positive 11.6 percent return (Russell 3000 Index) for the fourth and final quarter of 2010. International equities continued to lag their U.S. counterparts, but nonetheless posted a strong absolute return of a positive 6.7 percent for the quarter (MSCI EAFE Index). Across U.S. and International equities, the riskiest small capitalization stocks out-performed. Growth stocks typically out-performed value stocks. U.S. fixed income (the more conservative asset class from a risk perspective), however, posted quite different results, returning a negative 1.3 percent (Barclays Aggregate Index) for the quarter. Fixed income yields backed up, sending prices lower, causing the 10-year Treasury bond yield to jump 80 basis points (over the quarter) to finish at 3.3 percent. As it turned out, risk was rewarded for the quarter, and so it went for the year.

For the year ending 12/31/10 most major market asset classes posted solid positive returns. In many cases, returns were in the double digits for equity oriented asset classes, however, even conservative asset classes, like fixed income, performed well. For the second consecutive year, U.S. equity markets posted strong positive double digit returns, marking a significant recovery in U.S. equity markets from one of its worst declines (2008) in history. While U.S. fixed income edged off its strong performance near the end of the year, it still managed to post one of its best years (6.5 percent, as measured by the Barclays Aggregate Index) over the last three (calendar) years.

The Fed's Quantitative Easing (QE2) efforts did little to stop yields from rising in the fourth quarter. Still, QE2 will likely continue to maintain some pressure on rising rates throughout the first quarter of 2011. QE2, along with the Government's other market interventions (e.g., the Fed holding short term rates low, in the 0-.25 percent range) was an integral part of sending riskier securities and their corresponding asset classes higher over 2010. 2011 will likely be a year in transition for the economy and markets as the Government begins to reduce their support. Without Government support, consumers and corporations will need to play a larger role in the economy for the momentum to continue.

U.S. Equity

The U.S. equity market, as measured by the DJW 5000 Index, was up 11.7 percent for the quarter. All U.S. equity styles posted strong double digit returns for the quarter. The best performing U.S. equity asset class for the quarter was small growth, returning a positive 17.1 percent (Russell 2000 Growth). The worst performing U.S. equity asset class for the quarter was large value, returning a positive 10.5 percent (Russell 1000 Value). Small-cap stocks generally out-performed large-cap stocks for the quarter.

International Equity

Developed international equity underperformed U.S. equity again for the third consecutive quarter, returning a positive 6.7 percent (MSCI EAFE). Small growth was the best performing and large value was the worst performing, similar to the U.S. equity markets. Emerging market equities performance also settled in lower, returning a positive 7.4 percent for the quarter (MSCI Emerging Markets Free Index). Japan was the best performing region over the quarter, returning a positive 12.1 percent (MSCI Japan).

Fixed Income

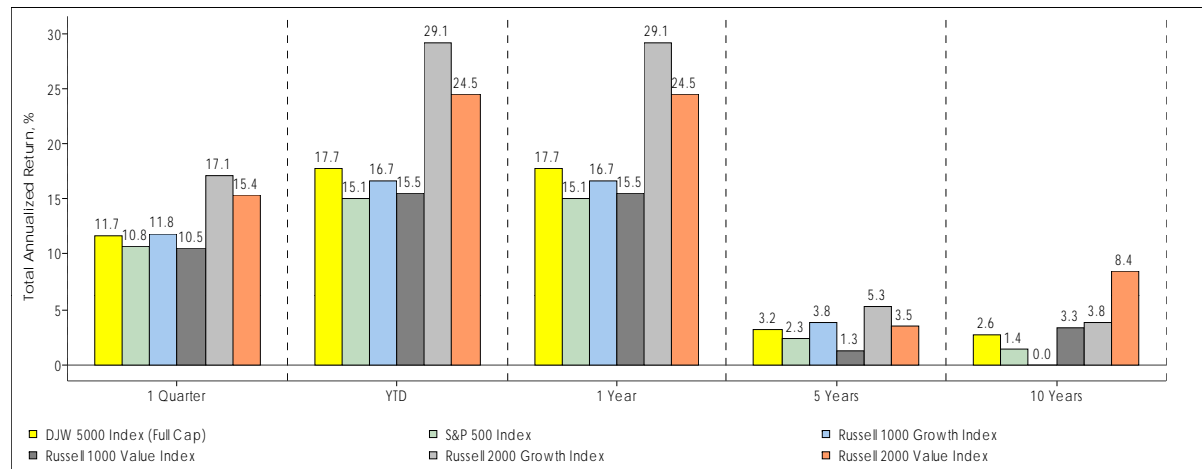
Fixed income markets were negative for the quarter, with the broad fixed income market posting a negative 1.3 percent (Barclays Capital U.S. Aggregate). The strongest positive returns were found in the high yield corporate sector, returning a positive 3.2 percent (BC High Yield Corporate). Global fixed income underperformed the broad U.S. fixed income markets, returning a negative 1.67 percent (Citi WBIG USD) for the quarter.

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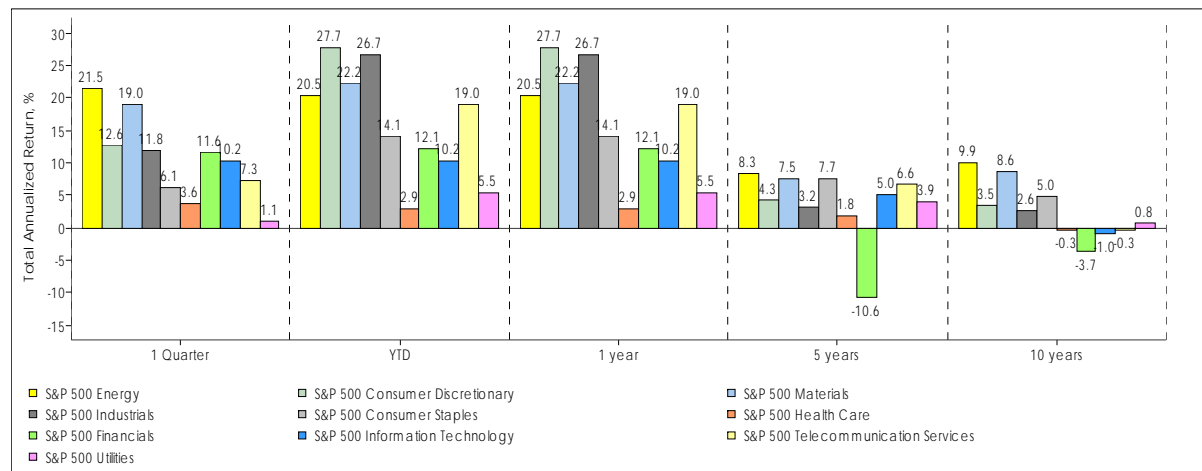
U.S. Equity Overview

- All U.S. equity styles posted strong positive returns for the quarter
- Small growth was the best performing style:
 - up 17.1% for the quarter
- Large value was the worst performing style:
 - up 10.5% for the quarter
- Small value continues to be the best returning style over the long term:
 - 8.4% over the latest 10 years
- Best performing sectors for the quarter:
 - Energy (21.5%)
 - Materials (19.0%)
- Worst performing sectors for the quarter:
 - Utilities (1.1%)
 - Health Care (3.6%)

U.S. Equity Index Performance



U.S. Equity Sector Performance

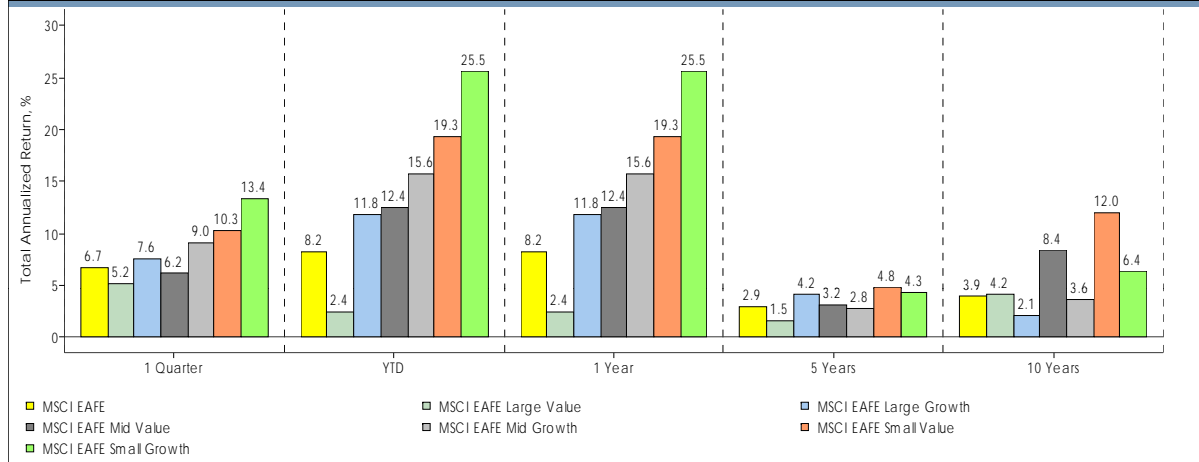


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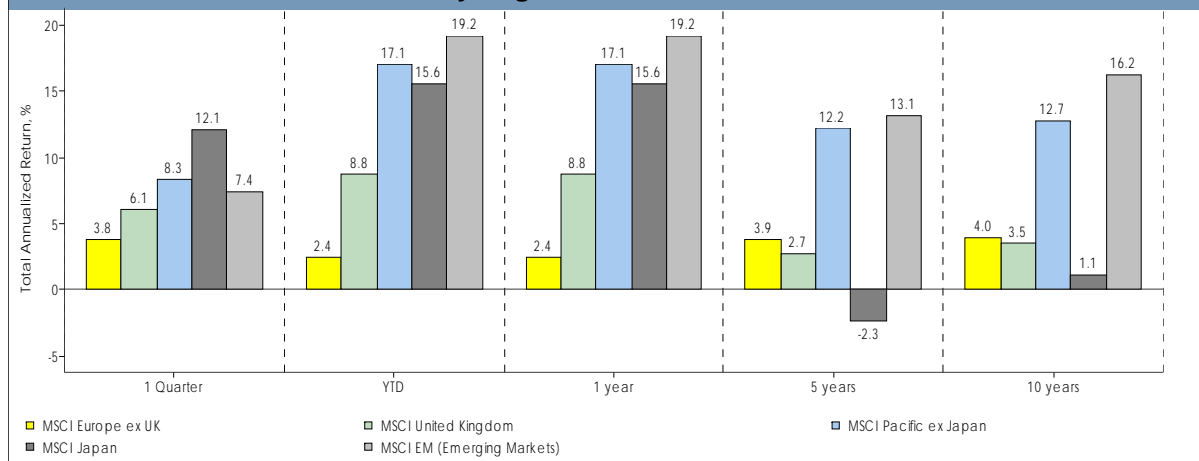
International Equity Overview

- All international equity styles posted strong positive returns for the quarter
- The best performing style for the quarter:
 - Small growth, up 13.4%
- The worst performing style for the quarter:
 - Large value, up 5.2%
- As in the U.S. equity markets, small value has been the best performing style over the long term
 - 12.0% (annualized) over last 10 years
- Best performing region(s) (Qtr)
 - Japan (12.1%)
- Worst performing region(s) (Qtr)
 - Europe ex UK (3.8%)

International Index Performance by Style and Capitalization



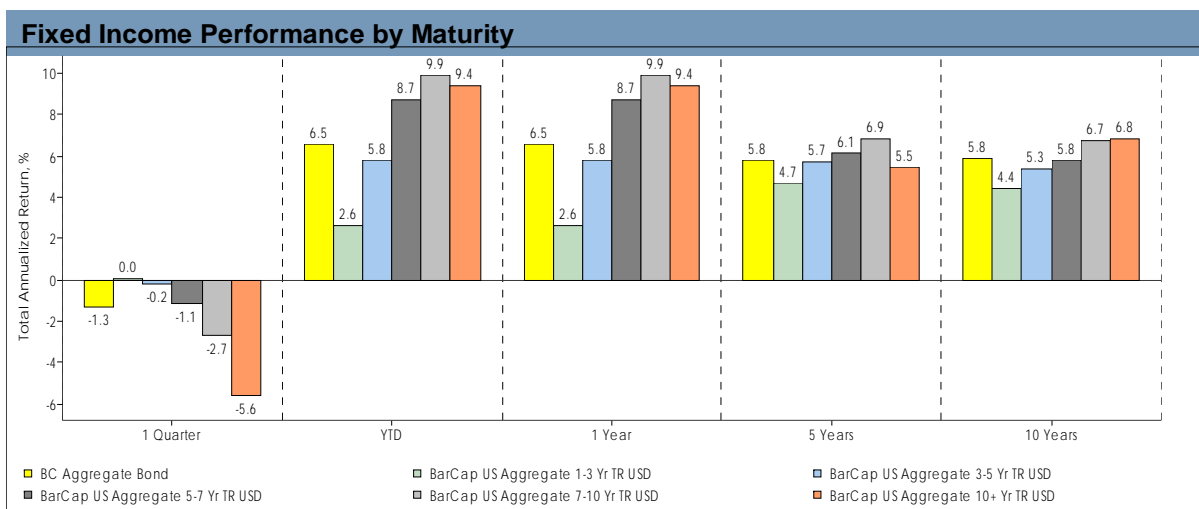
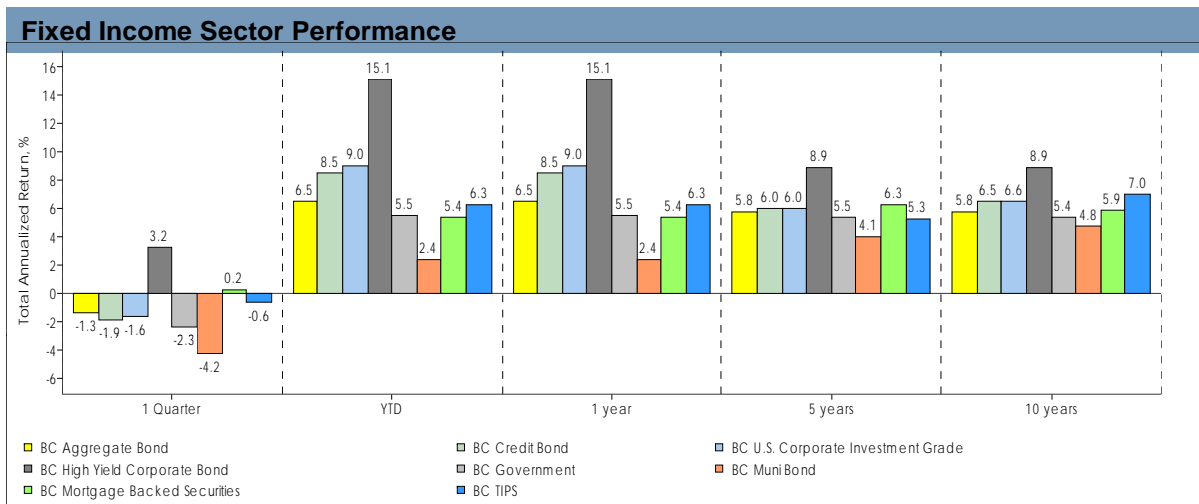
International Index Performance by Region



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Fixed Income Overview

- Fixed income sectors posted mixed results over the quarter
- The riskier fixed income sectors were the best performing for the quarter
- The best performing sector(s) for the quarter:
 - High yield, up 3.2%
- The worst performing sector(s) for the quarter:
 - Muni bond, down 4.2%
 - Government bond, down 2.3%
- Long-term bonds underperformed as increasing rates over the quarter hit longer duration fixed income securities the hardest



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1 Quarter (%)			
Value	Blend	Growth	
9.75	10.39	10.99	Large
12.24	13.07	14.01	Mid
15.36	16.25	17.11	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
6.65	8.95	-1.30	0.04

Year to Date (%)			
Value	Blend	Growth	
11.69	12.47	13.21	Large
24.75	25.47	26.38	Mid
24.50	26.85	29.09	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
8.21	11.76	6.54	0.13

1 Year (%)			
Value	Blend	Growth	
11.69	12.47	13.21	Large
24.75	25.47	26.38	Mid
24.50	26.85	29.09	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
8.21	11.76	6.54	0.13

3 Year (Annualized %)			
Value	Blend	Growth	
-6.48	-3.70	-1.01	Large
1.01	1.05	0.97	Mid
2.19	2.22	2.18	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
-6.55	-4.85	5.90	0.79

5 Year (Annualized %)			
Value	Blend	Growth	
0.17	1.79	3.38	Large
4.08	4.66	4.88	Mid
3.52	4.47	5.30	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
2.94	2.43	5.80	2.43

10 Year (Annualized %)			
Value	Blend	Growth	
1.26	0.18	-0.89	Large
8.07	6.54	3.12	Mid
8.42	6.33	3.78	Small
Int'l Equity	Global Equity	Core Fixed Income	3-Month T-Bill
3.94	2.31	5.84	2.38

Performance as of December 31, 2010. Data is for informational purposes only and cannot be guaranteed. Past performance does not guarantee future results. Russell Top 200, Top 200 Growth, and Top 200 Value used for Large Blend, Large Growth and Large Value categories. Russell Mid-cap, Mid-cap Growth and Mid-Cap Value used for Mid Blend, Mid Value and Mid Growth categories. Russell 2000, 2000 Growth and 2000 Value used for Small Blend, Small Growth and Small Value categories. MSCI EAFE used for International Equity category. MSCI Global used for World equity category. Barclays Capital U.S. Aggregate used for Core Fixed Income style performance. ML 3-month T-bill used for 3-Month T-Bill. Source: MPI Stylus

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Asset Allocation Kaleidoscope: Changing Leaders

The following chart exhibits the volatility of asset class returns from year to year by ranking certain key indices in order of performance. Also included in the chart is a balanced index, which represents a mix of U.S. equity, international equity and fixed income indices. The chart graphically displays the volatility of asset class returns from year to year, highlighting the importance of diversification. Top-performing asset classes in a given year do not tend to repeat their stellar performance in subsequent years. Accordingly, the worst performing asset classes in a given year often tend to outperform in future years. Said differently, past performance is not a good indicator of future performance. Diversification, demonstrated by the balanced index, helps reduce return volatility and the uncertainty that accompanies trying to pick the best asset class (or avoid the worst) in any given year.

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
22.83 Russell 2000 Value	14.02 Russell 2000 Value	10.25 BarCap US Agg	48.54 Russell 2000 Growth	22.24 Russell 2000 Value	14.02 MSCI EAFE USD	26.86 MSCI EAFE USD	11.81 Russell 1000 Growth	5.24 BarCap US Agg	37.21 Russell 1000 Growth	29.09 Russell 2000 Growth
11.63 BarCap US Agg	8.44 BarCap US Agg	-8.45 Balanced Index*	46.03 Russell 2000 Value	20.70 MSCI EAFE USD	7.05 Russell 1000 Value	23.48 Russell 2000 Value	11.63 MSCI EAFE USD	-22.48 Balanced Index*	34.47 Russell 2000 Growth	24.50 Russell 2000 Value
7.02 Russell 1000 Value	-4.09 Balanced Index*	-11.43 Russell 2000 Value	39.17 MSCI EAFE USD	16.49 Russell 1000 Value	5.45 Balanced Index*	22.24 Russell 1000 Value	7.05 Russell 2000 Growth	-28.92 Russell 2000 Value	32.46 MSCI EAFE USD	16.71 Russell 1000 Growth
-0.68 Balanced Index*	-5.59 Russell 1000 Value	-15.52 Russell 1000 Value	30.03 Russell 1000 Value	14.31 Russell 2000 Growth	5.26 Russell 1000 Growth	13.34 Russell 2000 Growth	6.97 BarCap US Agg	-36.85 Russell 1000 Value	20.58 Russell 2000 Value	15.51 Russell 1000 Value
-13.96 MSCI EAFE USD	-9.23 Russell 2000 Growth	-15.66 MSCI EAFE USD	29.75 Russell 1000 Growth	9.84 Balanced Index*	4.71 Russell 2000 Value	12.17 Balanced Index*	6.61 Balanced Index*	-38.44 Russell 1000 Growth	20.05 Balanced Index*	12.47 Balanced Index*
-22.42 Russell 1000 Growth	-20.42 Russell 1000 Growth	-27.88 Russell 1000 Growth	20.80 Balanced Index*	6.30 Russell 1000 Growth	4.15 Russell 2000 Growth	9.07 Russell 1000 Growth	-0.17 Russell 1000 Value	-38.54 Russell 2000 Growth	19.69 Russell 1000 Value	8.21 MSCI EAFE USD
-22.43 Russell 2000 Growth	-21.21 MSCI EAFE USD	-30.26 Russell 2000 Growth	4.10 BarCap US Agg	4.34 BarCap US Agg	2.43 BarCap US Agg	4.33 BarCap US Agg	-9.78 Russell 2000 Value	-43.06 MSCI EAFE USD	5.93 BarCap US Agg	6.54 BarCap US Agg

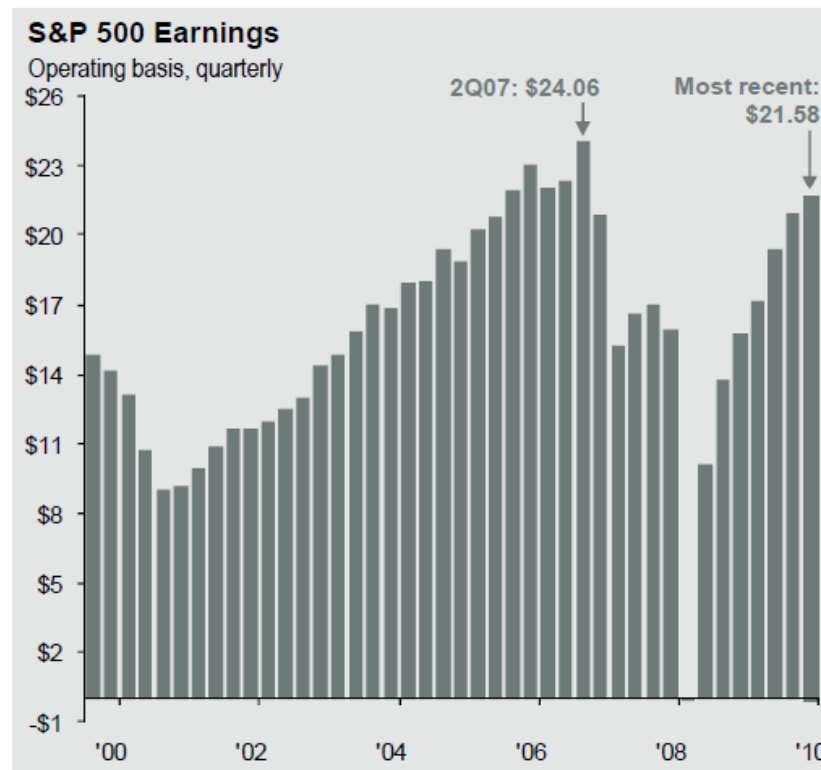
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Quarterly Chart

S&P 500 Earnings

S&P 500 earnings have been increasing since 2009 and are close to their recent peak reached in the 2nd quarter of 2007. Earnings and stock prices are highly correlated, meaning increasing earnings typically result in higher stock prices.

March 2010



March 2010

Source: Standard & Poor's, J.P. Morgan Asset Management.

EPS levels are based on operating earnings per share. Data reflect most recently available as of 12/31/10.

Most recently available is a 3Q10 99% complete estimate.

Source of chart data> Morgan Stanley, 3.3.10. Past performance does not guarantee future results.

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Disclosures

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

Citigroup Corporate Bond is an index which serves as a benchmark for corporate bond performance. You cannot invest directly in an index.

Citigroup Mortgage Master is an index which serves as a benchmark for U.S. mortgage-backed securities performance.

Citigroup WGBI Index is an index which serves as a benchmark for global bond performance, including 22 different government bond markets.

Credit Suisse High Yield Index is an unmanaged, trader priced index constructed to mirror the characteristics of the high yield bond market.

BC (Barclays Capital) U.S. Aggregate Bond Index represents securities that are U. S., domestic, 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. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

BC Credit Bond Index includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

BC U.S. Corporate Investment Grade represents investment grade corporate securities that are U. S., domestic, taxable, and dollar denominated.

BC High Yield Corporate Bond represents below investment grade corporate securities that are U. S., domestic, taxable, and dollar denominated.

BC TIPS Index includes publicly issued U.S. government treasury inflation protected securities that meet the specified maturity, liquidity and other requirements.

BC Mortgage Backed Securities covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

BC Muni Bond covers the USD-denominated long term tax exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

BC Government Index includes publicly issued U.S. government securities that meet the specified maturity, liquidity and other requirements.

BarCap U.S. Aggregate 1-3 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 1 to 3 years.

BarCap U.S. Aggregate 3-5 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 3 to 5 years.

BarCap U.S. Aggregate 5-7 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 5-7 years.

BarCap U.S. Aggregate 7-10 Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 7 to 10 years.

BarCap U.S. Aggregate 10+ Yr. TR USD Index represents securities in the BC U.S. Aggregate Index that have maturity dates over 10 years.

DJW 5000 (Full Cap) Index measures the performance of all U.S. common equity securities, and serves as an index of all stock trades in the United States.

MSCI FI Emerging Markets is a rules-based index which serves as a benchmark for emerging country fixed income performance.

MSCI FI EAFE International is a rules-based index which serves as a benchmark for developed international country fixed income performance.

MSCI EAFE Index is listed for foreign stock funds (EAFE refers to Europe, Australia, and Far East). Widely accepted as a benchmark for international stock performance, it is an aggregate of 21 individual country indexes.

MSCI EAFE Large Value represents the large cap value stocks within the MSCI EAFE Index.

MSCI EAFE Large Growth represents the large cap growth stocks within the MSCI EAFE Index.

MSCI EAFE Mid Value represents the mid cap value stocks within the MSCI EAFE Index.

MSCI EAFE Mid Growth represents the mid cap growth stocks within the MSCI EAFE Index.

MSCI EAFE Small Value represents the small cap value stocks within the MSCI EAFE Index.

MSCI EAFE Small Growth represents the small cap growth stocks within the MSCI EAFE Index.

MSCI EM (Emerging Markets) Index serves as a benchmark for each emerging country. The average size of these companies is (U.S.) \$400 million, as compared with \$300 billion for those companies in the World index.

MSCI World Index is a rules-based index that serves as a benchmark for the developed global equity markets.

MSCI Europe ex UK Index is a rules-based index that serves as a benchmark for the Europe's equity markets, excluding the United Kingdom.

MSCI Pacific ex Japan Index is a rules-based index that serves as a benchmark for Asia Pacific's equity markets, excluding Japan.

MSCI United Kingdom Index is a rules-based index that serves as a benchmark for the United Kingdom's equity markets.

MSCI Japan is a rules-based index that serves as a benchmark for Japan's equity markets.

Nareit All Reit Index includes all tax-qualified REITs with common shares that trade on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market List.

3-Month T-bills (90 Day T-Bill Index) are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

Russell 1000 Growth Index is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

Russell Top 200 Growth Index is a market-capitalization weighted index of those firms in the Russell Top 200 with higher price-to-book ratios and higher forecasted growth values.

Russell Top 200 Value Index is a market-capitalization weighted index of those firms in the Russell Top 200 with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Index consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.

Russell 2000 Value Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values.

Russell MidCap Growth Index is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Mid-Cap Index includes firms 201 through 1000, based on market capitalization, from the Russell 3000 Index.

Russell MidCap Value Index is a market-weighted total return index that measures the performance of companies within the Russell MidCap index having lower price-to-book ratios and lower forecasted growth values.

Russell Top 200 Index consists of the 200 largest securities in the Russell 3000 Index.

Russell 3000 Index is a market-capitalization weighted index, consisting of 3,000 U.S. common equity securities, reflective of the broad U.S. equity market.

Salomon 1-10 Yr. Governments is an index which serves as a benchmark for U.S. Government bonds with maturities ranging from 1 to 10 years.

S&P 500 Index measures the performance of the largest 500 U.S. common equity securities, and serves as an index of large cap stocks traded in the United States.

S&P 500 Energy Index measures the performance of the energy sector in the S&P 500 Index.

S&P 500 Industrials measures the performance of the industrial sector in the S&P 500 Index.

S&P 500 Financials measures the performance of the financials sector in the S&P 500 Index.

S&P 500 Utilities measures the performance of the utilities sector in the S&P 500 Index.

S&P 500 Consumer Discretionary Index measures the performance of the consumer discretionary sector in the S&P 500 Index.

S&P 500 Consumer Staples Index measures the performance of the consumer staples sector in the S&P 500 Index.

S&P 500 Information Technology measures the performance of the information technology sector in the S&P 500 Index.

S&P 500 Materials measures the performance of the materials sector in the S&P 500 Index.

S&P 500 Health Care measures the performance of the health care sector in the S&P 500 Index.

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