



Spring 2011

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REMINDER

If you have not returned the client questionnaire, please complete and return. If you need another questionnaire, please contact Megan Gosser.

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* BLUE BELL *

PRIVATE WEALTH MANAGEMENT

Housing, Employment, Weak Dollar - How can the market continue to rise?

If you were stranded on a deserted island and only had access to S&P500 monthly performance, you would have concluded that not much happened in March as the S&P500 was essentially flat, losing 2.4 points (0.2%). While there was not much overall movement, we are all aware of the equity sell-off and subsequent recovery following the earthquake and ensuing tsunami in Japan. The upheaval in Northern Africa and the Middle East intensified during the month and still appears ready to spread. Prices at the pump have soared to the highest price ever recorded for the month of March. A flat market in the face of these major events emphasizes the underlying strength of this market. Some pundits have gone so far as to refer to it as the "Teflon Market."

With such terrible news, can the equity markets continue to rise? You may remember our 1st quarter article, "Fear Versus Euphoria," where we commented on the strength of the equity markets and our optimistic forecast for the year ahead. We are maintaining our positive bias, with the caveat that hedging to help reduce volatility and risk remain an important element of any portfolio. The market's strength in the first quarter of 2011 is quite remarkable considering the headline news: the devastating earthquake and tsunami in Japan, the political upheaval in Northern Africa and the Middle East, and the resulting rise in gas prices. Housing continues to disappoint with no bottom in sight. Yet despite it all, the equity markets have been resilient and continue to rise. There are many questions facing the markets now. Is the weak dollar a positive or negative for housing and stock prices in the next nine months? Will employment recover to a reasonable level by the end of the year? Will there be continued destabilization in Africa and the Middle East? What will happen in Europe, particularly Portugal and Greece? Will the Euro survive? Can the equity markets rise with all of these unanswered questions? My opinion is it can.

We still agree with equity strategists' optimistic forecasts of 2011 for several reasons. The weak dollar is a positive factor for global companies based in the U.S. A weak dollar allows U.S.-based companies to be more price competitive worldwide while also providing a currency conversion benefit. Agriculture exports or exports of any kind also benefit from a weak dollar. Although unspoken, we believe our government is embracing a weak dollar not only for the aforementioned reasons but also to help stabilize real estate prices and to lesson some of the debt burden (debt monetization). While a tragedy of major proportion, the Japanese rebuilding may actually benefit many of our companies while having a minimal positive affect on their economy as they are simply replacing what they already had. The easy monetary policy the Fed is spearheading has kept interest rates at extremely low levels, which is a problem for fixed income investors. In the short-run, the easy monetary policy and weak dollar seem to be keeping real estate from declining even further while adding to stock market performance. To be clear, we are not endorsing this easy money policy as the short-term gains to the economy will surely be followed by inflation - a negative for all.

The cautious attitude of many stock investors has eased in 2011, although there are still many skeptics. Our e-mail recap from November 9, 2010 and again January 7, 2011 highlighted the fact that many, if not most investors missed the S&P 500 gains since the March 9, 2009 low, citing \$111 billion pulled from domestic equity mutual funds since the bottom. The September 2, 2010 USA Today headline quote, "Shell-shocked investors quit the market" shows how negative investors had really become. We have always expressed our opinion that trying to time the market is ex-

(Continued on page 3)



Justin and Stacey are thrilled to introduce

Madelynn Olivia Capetola



March 19, 2011

6lbs 9ozs

20.5 in

1:06 a.m.

A Single Family Office for Wealth Creation and Family Legacy

A single family office (SFO) is a private company that has dedicated professionals used exclusively for a wealthy family's investments, legacy and personal needs. The concept of SFO can be traced back to the Roman major domus (head of household) and the Medieval Major-domo, but the modern SFO began in the 19th century for the need of families of significant wealth during the American industrial age.

Interest in single family offices has grown over the last decade as worldwide wealth has expanded due to entrepreneurship, access to capital, market globalization and technology. With the recent market volatility and banking failures, families of considerable wealth have been motivated to take total control of their assets and preserve their family legacy. An effective SFO provides the family with the ultimate in:

- Control of investment, business and personal services
- Privacy
- Customization of services and benefits
- Coordination and effective management of outsourced providers
- Dedicated focus on needs and requirements of the family
- Family unity and legacy sustainability

Although the classic definition of single family office is a private company exclusively devoted to the investment and legacy needs for on family, the services the SFO provide vary widely with each family. One great benefit for a wealthy family is the customization of the SFO. An SFO acts almost always as a private investment office but also provides a variety of other services to the family including:

- Financial Management
- Tax and Estate Planning
- Accounting Services (business and personal)
- Investment Management
- Asset Protection and Risk Mitigation
- Reporting and Bill Payment
- Preserving Family Legacy and Values
- Family Mission and Governance
- Lifestyle Management

The majority of wealthy families currently have fragmented and uncoordinated relationships with multiple banks, wealth managers and other providers of services for their business and family needs. Wealthy families need to coordinate these relationships, centralize their investments and manage family affairs more efficiently to continue to build wealth and maintain a legacy for generations.

Please contact us if you are interested in learning more about these specialized services.



Take a look at the new Wealth Management Tool on www.bluebellpwm.com

We are proud to provide you with a new interactive daily wealth management tool. People have reviewed their finances at one particular point in time. Knowing that life is changing, we have begun using a system that continues to track and monitor your finances to reflect these changes on a daily basis. The available services include, but are not limited to the following:

- Total net worth statement updated daily
- Personal website with 24 hour access to *all* of your financial information
- The ability to view all your financial assets and liabilities in one place, not just Schwab data.
- Alerts to let us know of important changes in your accounts.
- Online vault capable for storing important documents, such as wills, trust documents, insurance documents, etc.

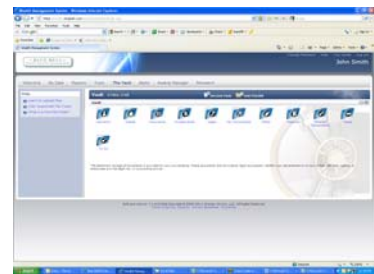
Our approach to managing your finances aims to ensure you make informed investment and lifestyle decisions having received the best strategic advice available. This personalized aggregation tool will assist us in making these decisions with up-to-date and accurate financial information.

We are interested in hearing from you about this technology. Would you be interested in learning more about this service? Please feel free to give us a call and we can get you set up on the new system.

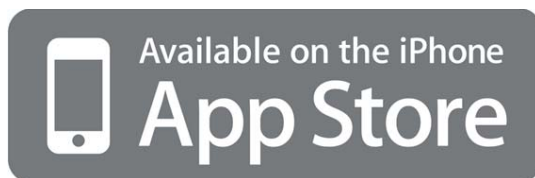


The Main Screen when you first log-in:

You are able to view a total picture of you finances. You are able to see all cash investments and their total values, charts of your total allocations and total nets assets.



The Vault: Is a secure, easily accessible web version of a Safety Deposit Box. It can hold copies of birth certificates, social security cards, insurance policies, deeds, mortgages, etc. Helps with finding documents that you might not be able to find the original.



Housing, Employment, Weak Dollar continued....

tremely difficult (October 4 2010 E-mail Recap). Staying invested with some downside protection continues to be the most prudent approach for investors. Recently, we read the long-term advantages of staying invested, citing the best and worst days of the last 50 years.

The total return for the S&P 500 over the last 50 years (1961-2010) is +9.7% per year. If you missed the 50 best percentage days and avoided the 50 worst percentage days over that 50-year period (i.e., 100 days in total over the 50 years, not 100 days per year), your total return increases to +10.6% per year. There were 12,586 trading days over the last 50 years. Thus the 50 best and 50 worst trading days represent less than 1% of all trading days over the last half century (Source : BTN Research).

While we are optimistic for 2011, we believe market growth will be limited for the next several years. With volatility most likely continuing, we remain invested using several hedging techniques such as option writing, purchasing structured investments with partial downside protection and investing in closed-end funds while selling at a discount to their Net Asset Value. As always, please call with any questions you may have and always update us with any changes in your financial situation.



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Blue Bell PWM in the News

“Each company has its own structure. Fees even vary. Many index CDs are too complicated for average investors to understand, model and predict returns. Make sure you understand exactly how they work,, some catches aren't evident in sales pitches.”

Scott Miller Jr., *Bank Rate*: March 10, 2011, speaking on Index CDs and risk they might add to your portfolio.

“One of the biggest problems financial advisers are finding right now is what to do with the so-called safe cash.”

“I wasn't that surprised to hear Bill Gross had gotten out of Treasuries. If you paid attention to what he has been saying, you knew that he's been negative on Treasuries for quite a while.”

Scott Miller Jr., *Investment News*: March 13, 2011, speaking about moving out of treasuries and Bill Gross' stance on them.

“The trend toward shopping around is a logical response to a tumultuous market cycle. We have three clients that had several relationships, but they have since contracted to just two advisers. They want to compare pricing and things like that, but mostly, these clients want to hear different ideas.”

Scott Miller Jr., *Investment New*: March 27, 2011, speaking about client wanting to make an informed decision on a financial advisor.

Schwab Online Services

Although we have mentioned this in our past newsletters, we still have many clients who have not taken advantage of receiving Schwab trade confirmations and monthly statements online. Benefits include:

Reduced Paperwork: you can eliminate the need to file paper confirmations and statements and instead store them with your own electronic filing system. Schwab provides access to statements for the current year as well as the prior 10 years.

Lower Equity Pricing: you may qualify for lower online equity trade pricing when you subscribe to e-confirms/e-statements.

Speed: you will receive e-confirms within 24 hours of a trade vs. 3-5 days by mail. You can receive e-statements online by the end of the 5th business day each month.

Please visit www.schwaballiance.com to log in and start receiving your documents online today or call us at the office (888-425-8323) for more information.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this newsletter (article), will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter (article) serves as the receipt of, or as a substitute for, personalized investment advice from Blue Bell Private Wealth Management LLC Please remember to contact Blue Bell Private Wealth Management LLC if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Please also advise us if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure statement discussing our advisory services and fees remains available for your review upon request.

Thank you for your continued support of our business through referrals of family and friends!