QUANTITATIVE ASSET MANAGEMENT, LLC
Investment & Advisory Services

Newsletter

January 20, 2011

Dear Clients,

The 2010 fourth quarter performance numbers reflect the continued positive trends in the equity market that started in last year's third quarter. This positive momentum is the result of investors with record amounts of short term liquidity seeking investments that can potentially produce real returns. Investors are beginning to understand today's short term riskless investments do have real risks when yields are essentially zero.

Quarter Ending December 31, 2010			
Year to Date Performance	**Last Full Quarter**	**YTD**	**Index Close**
Dow Jones Industrial Averages	8.05%	13.07%	11,577.51
NASDAQ Composite Price	12.00%	16.22%	2,652.87
Standard & Poor's Averages	10.74%	14.40%	1,257.64
Barclay's Capital Bond Index	(2.17%)	6.41%	
EAFE-Global Markets	6.66%	8.11%	

Also, as predicted in the last couple of quarterly reports, the bond market has begun to reflect higher interest rates. The Barclays Capital Bond index was down 2.17%. As the world economies continue to mend and grow, the bond markets will be under pressure, as interest rates continue to rise and thus bond prices decline.

When looking at the big picture for the investment markets realize the investment pie is divided up between different components, i.e. cash, bonds, equities, commodities and real estate, etc. In my opinion, there are only a couple of these components that are currently attractive, equities and commodities. This trend should continue given zero returns on short term investments, and bonds that are maturing are looking at reinvestment rates around 2 ½% vs. 6% or 7% from seven or eight years ago. Also, real estate is still in a liquidation mode and no longer competing for investment dollars. Money will continue to flow between these components, and new investments dollars will seek what is perceived as the best opportunity and that would be the equity markets.

As corporations continue to recover, having improved their productivity and balance sheets, look for both earnings growth and dividend increases. The markets will be volatile and market

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corrections are a natural part of the investment cycles. We have seen two very good years, and most recently very strong equity returns and thus, a market correction over the short term is

likely. These corrections will provide more opportunities to put capital to work for those with too much liquidity and therefore limit the scope and depth of such a decline.

Happy New Year to all and may 2011 see the continuation of the positive trends in our economy.

Sincerely,

Jeffrey L. Farni Sr.

As required by Advisors Act Rule 204-3 advisory disclosure documents (ADV Part 2A) are available upon request.

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