Quantitative Asset Management, LLC
Investment & Advisory Services

Newsletter

October 12, 2009

Dear Clients,

Quarter Ending September 30, 2009		
Year to Date Performance	**YTD**	**Last Full Quarter**
Dow Jones Industrial Averages	13.50%	15.82%
NASDAQ Composite Price	34.59%	15.65%
Standard & Poor's Averages	19.27%	15.60%
Barclay's Capital Bond Index	4.74%	4.16%
EAFE-Global Markets	29.56%	19.52%

The third quarter performance numbers were impressive across the board. Many 401(k)'s that became 201(k)'s in March, are now back to 301(k)'s! All kidding aside, the investment environment is healing and the economy is showing signs of improvement. The significant bounce in the market is a byproduct of investor panic creating an oversold condition turning to fear of missing the train out of the station. Too much liquidity, earning literally zero, is moving its way back into the markets. Investors will still be faced with extreme volatility over the next year or so, as the economy tries to recover from this recession.

The global economy is still in a fragile state, as we are still working through the deleveraging process. The financial markets still need to work through the housing bubble, credit card debt and the weakness in the commercial markets. Many more banks will disappear, as the Fed and Government try to orchestrate a structured bail out to prevent any greater damage. They will keep interest rates low long enough to allow the financial institutions to earn their way out of this mess.

Looking forward investors will no doubt hear from the media about the "double dip" recession scenario, but I think that is a remote possibility over the next three or four quarters. Quarterly earnings comparables will reflect positive improvement, and should thus support a more positive investment environment. Equities should benefit from high liquidity levels, and record high savings rates. Also, keep in mind bond managers have kept their portfolios' maturity durations, on average, at about seven years. This means over the next year or so almost half of their bonds will have matured since the start of this crisis. Yields are currently half what they used to be

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creating some anxiety for bond investors seeking higher returns, thus more fuel to support equity prices.

Diversification, patience and proper asset allocation should allow us to get through these difficult times. As always we will look to invest when opportunities are present, and look to hedge against the changing economic trends.

Please give us a call should you have any questions.

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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