SHEPHERD FINANCIAL PARTNERS
EXPERIENCE TRUST COMMITMENT

October 2011 Market Review

Major Market Index % Returns [1,3]	October %	YTD %	10 Year %	10 Year Annualized
Standard & Poor's 500[2]	10.93	1.30	46.43	3.85
Dow Jones Industrial Average[2]	9.72	5.45	73.11	5.59
NASDAQ 100[2]	10.38	7.12	111.59	7.71
Russell 2000[2]	15.14	(4.46)	108.58	7.55
J.P. Morgan Aggregate U.S. Bond Index[2]	(0.33)	6.58	77.37	5.90
Gold (Spot)	6.47	21.37	490.01	19.22
U.S. Dollar Index	(3.04)	(3.62)	(32.84)	(3.90)
WTI Crude Oil	17.66	1.98	297.74	14.80

[1] Bloomberg Data [2] Total Return [3] Indices are unmanaged and cannot be invested into directly. Past performance is not guarantee of future results.

The S&P 500 finished October with the best single-month return since November 1982. Hope that the new European Union bailout for Greece along with a bank recapitalization plan for Eurozone banks would end the sovereign debt crisis resulted in a massive relief rally that sent short-sellers scrambling to cover positions. October's gains reversed year-to-date losses for most U.S. indices with only small cap stocks remaining in the red. World equity markets also performed well in October however most global equity indices are firmly down for the year.

Economic data in the U.S. remained supportive of slow economic expansion. ISM (Institute for Supply Management) data continued to point to continued growth within the manufacturing and service sectors. Retail sales also pointed to slow but steady growth, although consumer credit ticked higher and the savings rate moved lower possibly signaling increased stress within the household sector.

The economy created 103k jobs last month and the unemployment rate remained at 9.1%. A broader measure of underemployment, which measures unemployment as well as people who are working part-time but desire full time employment, ticked higher and now stands at 16.5%. It is generally accepted that 125-150k jobs must be added to the economy per month just to maintain the current unemployment rate. While it is positive that the economy is finally creating jobs, the pace of this job creation is not enough to meaningfully change the unemployment picture.

The Federal Reserve announced "Operation Twist" and will now begin buying longer duration treasury securities. They also announced that they will reinvest principal in maturing securities and purchase additional Agency Mortgage Backed Securities (MBS). Both of these efforts are attempts to further lower mortgage rates for home purchases and mortgage refinancing however it is too soon to tell whether these experiments will be successful.

November has already brought new volatility to the Market. As of this writing (11/2/11), Greece has decided to put the EU bailout deal to a public referendum and European leaders are scrambling to find a solution. Mario Draghi officially takes the helm of the European Central Bank and he could embark on a series of rate cuts when the ECB meets later in the month in an attempt to stem a possible European recession.

In the U.S. 3rd quarter earnings season will wrap up and on balance companies have reported better than expected revenue and earnings growth. We continue to see opportunities within high quality stocks with better than average dividend yields and growth opportunities. We temper this constructive view in a macro-news dominated world where Greece is the tail wagging the dog and any misstep could result in a Lehman-type event.

As always we value the trust you have placed in us as we remain stewards of your wealth.

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