

ATLANTIC TRUST Connection

EXPERT COMMENTARY ON THE LATEST NEWS

JANUARY 2012

In this first 2012 issue of the Atlantic Trust Connection, you will find our Q1 Economic and Investment Overview, Q4 Fixed Income Market Review and our new white paper describing ways that prenuptial and postnuptial agreements can be useful wealth planning tools. Also included is a timely discussion with our Chief Fiduciary Officer Linda Beerman on the potential tax benefits of Lifetime Credit Shelter Trusts.

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Q1 2012 Economic and Investment Overview



After subpar growth in the first three quarters of 2011, the U.S. economy began to percolate in Q4, and we enter 2012 with something that has been sorely lacking—momentum. While this cyclical lift is encouraging, the key question for 2012 will be: Is it sustainable? We think that is unlikely. Rather,

we see a continuation of the "muddle along" recovery that has existed since mid-2009. The good news is that the economy is proving less prone to a relapse into recession, reducing the risk of a worst-case outcome. The outlook for overseas activity is mixed. We anticipate a recession in the eurozone, but some firming in many emerging economies as the year progresses. China will be the bellwether, and as monetary policy eases there, we expect a stronger second half of the year.

Given the economic and budget challenges in the U.S., we believe 2012 is destined to be a watershed election cycle. The critical issue for markets is less about who is elected president than whether one party or the other has a working majority to address unemployment and the structural budget deficit. More below.

AtlanticTrust.com: [Listen online](#) to Chief Investment Officer David Donabedian, Head of Fixed Income Gary Pzegeo and Senior Portfolio Manager Patricia Bannan present their market and economic analysis, along with portfolio recommendations, and view the [Q1 2012 Economic and Investment Overview presentation](#). Take a moment to watch [CIO David Donabedian's latest CNBC interview](#), as well.

Q4 2011 Fixed Income Market Review



The macro drivers in fixed income markets are still centered on the uncertainty in Europe. Central banks around the globe are taking steps to support liquidity in the European banking sector, but longer-term fiscal reform remains a task yet to be addressed. In the U.S., there is evidence of slow and steady growth, which should support non-Treasury assets without threatening inflation in

2012. Head of Fixed Income Gary Pzegeo discusses what this means for the fixed income markets and reviews prominent trends from the fourth quarter.

AtlanticTrust.com: [Listen to Pzegeo's analysis](#) and view the [Q4 2011 Fixed Income Market Review presentation](#).

Loving Union, Legal Contract



Hope, optimism, well-wishes and the family's blessing. Despite all the best intentions that accompany a new marriage, the rate of divorce and the number of second, or third, marriages in our society force us to face the reality that many marriages may not last a lifetime. Although no happily engaged couple wishes that to be the case

there are many "what if" scenarios that make it prudent to consider protecting both prenuptial and postnuptial assets.

AtlanticTrust.com: Read the full article included on pages 6-7 of the [Q1 2012 Atlantic Trust Advisor](#), or review our new [Loving Union, Legal Contract](#) white paper for an in-depth discussion of ways that prenuptial and postnuptial agreements can be useful tools in protecting wealth.

One Big Move: Is Now the Time For a Lifetime Credit Shelter Trust?



The widely discussed "Tax Act"—formally known as the [Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010](#)—gives high net worth families "one big move" they can benefit from during their lifetime. This legislation increased the lifetime gift tax exemption from \$1 million to \$5 million per person, set to

expire in January 2013. Some may be hesitant to give away significant assets now but are concerned about missing this planning opportunity. A lifetime credit shelter trust can help families take advantage of the Tax Act by allowing couples to make a taxable gift during their lifetimes.

AtlanticTrust.com: View page 9 of the [Q1 2012 Atlantic Trust Advisor](#) to learn more about Chief Fiduciary Officer Linda Beerman's views on the lifetime credit shelter trusts as a tax planning opportunity.

ATLANTIC TRUST
PRIVATE WEALTH MANAGEMENT

LATEST NEWS AND COMMENTARY

1.13.2012: CIO DAVID DONABEDIAN ON CNBC

Chief Investment Officer David Donabedian discusses market reactions to Europe's credit rating downgrade and outlines potential challenges if current tax planning and spending legislation expires at the end of 2012.

Q1 2012: THE ATLANTIC TRUST ADVISOR: "ELECTIONS AND THE FINANCIAL MARKETS" (PDF)

In an enhanced format, Atlantic Trust Chairman and CEO Jack Markwalter reviews the firm's 2011 achievements and 2012 outlook, investment experts discuss the potential market outcomes related to the November U.S. presidential elections, and senior wealth strategists describe prenuptial and postnuptial agreements as useful planning tools and answer questions concerning an important 2012 tax opportunity.

1.1.2012: JANUARY INSIGHTS (PDF)

Invesco Chief Investment Strategist Al Kugel reviews the markets and various economic shifts in the U.S. during 2011 and provides an outlook of what to expect in early 2012.

2011 RECAP: ATLANTIC TRUST AWARDS AND RECOGNITION (PDF)

Atlantic Trust recaps the awards and national recognition earned in 2011 for excellence in private wealth management, client service and family office services.

12.5.2011: BARRON'S, "FROM GEORGIA, A PEACH OF A BANK" (PDF)

Barron's interviews Chairman and CEO Jack Markwalter to discuss the philosophy and track record that led to Atlantic Trust being named the top wealth management firm in the U.S.

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