

# ARS Insights

Anderson, Riley, & Spoor, P.A.

Registered Investment Advisor

## Index Returns

### Second Quarter 2011

• S&P 500	0.1%
• Dow Jones Industrial	0.1%
• Russell 2000	-1.6%
• EAFE (Int'l Index)	1.6%
• Barclays Cap Agg. Bond	2.3%
• DJ-UBS Commodity Index	-6.7%

“Debt is a prolific mother of folly and of crime.”

Benjamin Disraeli

“Debt is the fatal disease of republics, the first thing and the mightiest to undermine governments and corrupt the people.”

Wendell Phillips

## SYNERGISM, SYNERGIES — Tony Anderson, President

[sin-er-jiz-uhm, si-nur-jiz-]

–noun

*“the interaction of elements that when combined produce a total effect that is greater than the sum of the individual elements, contributions, etc.”*

At the outset of your relationship with ARS, we spent time developing a thorough understanding of who you are as an investor, including your goals, objectives, time horizon and tolerance for risk. This information helped us formulate a plan to maximize the probability of you achieving your investment goals. Like most things in life, it is common that over time your circumstances and specific needs will change. Many factors, such as, pending retirement, health issues, loss of a

job, or birth of a child or grandchild can trigger a change in your investment circumstances. It’s imperative that we communicate regularly to make sure that your current investments are in line with your ever changing needs.

As a firm, we believe that in order to give you the most appropriate and accurate investment advice tailored to your specific circumstances, we need to take a comprehensive approach. This requires that we gain a thorough understanding of your complete financial position and how the various pieces fit together. Listed below are some of the more frequent services we provide to clients as their investment needs change overtime:

\* Complete a comprehensive

financial “snap shot”, reviewing current assets/liabilities, cash flow and account structure, relative to goals and objectives.

\* Help answer the question: How much do I need to retire?

\* Help answer the question: How much income can I “safely” take from my investments without eroding principal?

\* Review outside investments and 401(k)s, looking for opportunities to improve quality and reduce cost.

\* Help review and analyze current budget and cash flow.

\* Help analyze the cost/benefits of when you should start taking Social Security

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## Many issues to consider — Kurt Ulrich, CFA

Stock market volatility increased the past quarter while bond prices enjoyed more stability and modestly increasing prices. Looking back over the past 12 months returns for both bonds and stocks were well above their respective long-term averages. Thus, a period of consolidation is to be expected. We began reducing risk during the quarter by shifting exposure from more volatile sectors to more defensive sectors such as consumer staples, healthcare and higher yielding equities. These companies tend to fare much better during periods of increased volatility.

Many critical events are current-

ly impacting market sentiment. Some of these “headline” events include the European sovereign debt crisis; a weakening Chinese economy, a weakening US economy and the US debt ceiling. These are a lot of “headline” issues to consider.

We have spent a good bit of time attempting to better understand each of these issues and their potential impact on asset prices. Even though many potential obstacles to a healthy market are present we remain cautiously optimistic on the securities we own and continue to purchase them. This environment requires a higher degree of investment scrutiny in order

to provide protection and an adequate risk-adjusted return.

During times like these, asset quality and sector positioning play an important role in protecting portfolios. Companies with above average dividends, strong balance sheets and exposure to faster growing economies outside the US represent areas of opportunity. In addition, companies whose stock price does not reflect the true value of the underlying assets can also offer attractive investment opportunities with downside protection. Catalysts such as a restructuring or spin-off can help unlock these value discrepancies. We own several of these

companies, some of which could experience increased corporate activity the next 12 to 18 months.

Many clients have asked about the August deadline for increasing the government’s debt ceiling. This is certainly one of the hot topics in the news. While no one knows the outcome it is our belief that Congress will come to some resolution prior to a potential default situation. The market certainly doesn’t appear (at this juncture) to be overly concerned with this situation as it flirts within a few percentage points of its 2.5 year high. While things could certainly change quickly

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*Anderson, Riley & Spoor, P.A. has made a strong commitment in talent, resources, and technology to address the financial needs of affluent individuals and their families. ARS is committed to finding solutions for building and preserving wealth for our clients. ARS offers objective, independent fee-only investment advice to our clients. We are able to offer choices and flexibility that many other investment managers can't even consider. ARS has been managing assets for our clients since 1997. Our affiliation with Spoor & Associates, P.A., a CPA firm with over 35 years experience, means we have the knowledge and expertise to handle our clients' unique financial needs.*

*If you would like additional information about the services offered by Anderson, Riley & Spoor, P.A., please contact us at (727) 322-7681.*

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### **SYNERGISM, SYNERGIES** (cont'd. from pg. 1)

riety.

\* Help answer the question: Should I convert my Traditional IRA to a Roth IRA?

One of the great benefits that comes from our close partnership with Spoor & Associates (CPA Firm) and the addition of Spoor Law (in April of this year) is the fact that we can leverage the respective expertise of both firms to help provide ARS clients with answers to many common tax and legal questions. Having both CPA and Legal professionals under the same roof allows us to also assist clients in need of tax preparation & advice, as well as the ability to review and/or prepare estate planning documents and trusts. Clients have benefited tremendously from the synergies created by having ARS, their CPA and Attorney working so closely together making sure all the pieces of their financial plan are structured properly.

Based on recent conversations with many of our clients, I know that there is a lot of fear and anxiety out there. It's understandable given the many different macro issues we currently face both here and abroad. Kurt is going to discuss these issues in more detail and explain what we are doing to help protect your portfolios and position them for growth in the future. As always, we are humbled by the trust our clients place in us and strive to exceed your expectations on a daily basis. If you would like to schedule a meeting or conference call to review your current situation or meet with one of our partner CPAs or Attorney, please contact us. Also, if there is ever a circumstance where we are not meeting your expectations please feel free to contact me directly at [taa@arsinvestments.com](mailto:taa@arsinvestments.com) or 727.322.7681. God Bless, Tony Anderson

### **Many issues to consider** (cont'd. from pg. 1)

between now and August 2<sup>nd</sup> we do think there are many incentives for Congress to arrive at a short term resolution to this longer term problem allowing the government to pay its bills. Our debt problems will still need to be addressed, however, but many feel a default at this time may not be in the best interests of our country.

We will continue to rely on our collective experience combined with diligent research to make informed and prudent decisions on behalf of our clients. In conversations I often mention that we can not accurately predict the future but always do our very best to protect client's wealth in the pursuit of attractive investment opportunities.

Have a wonderful summer,

Kurt

**"And to preserve their independence, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude."**

**Thomas Jefferson**

***If you would like a copy of the most recent version of our Form ADV Part II, one is always available to you upon written request.***