



May 6, 2013

Market Data through April 30th, 2013

Total Returns:	Month of April	2013 YTD
❖ S&P 500	1.9%	12.6%
❖ Dow Jones Ind Avg	1.9%	14.0%
❖ Russell 2000	-0.4%	12.0%
❖ MSCI EAFE	5.2%	10.6%
❖ Emerging Market Index	0.9%	-1.2%
❖ Barclays Bond Aggregate	1.0%	0.9%
❖ S&P GSCI Commodity Index	-2.1%	-4.1%

Recent Investment Activity

- Continue to transition out of certain stocks and take profits. Much of the proceeds are being reinvested into “baskets” of stocks through exchange-traded funds (ETFs). This approach has the effect of locking in gains while reducing risk through diversification.

Things to consider

The market continues to march higher in an environment of tepid economic growth. The recent employment report showed a reduction in the unemployment rate by a small amount. However, it was enough of an improvement for the market to rally to a new all-time high.

As we've said many times before, certain stocks/sectors appear to offer a more favorable risk/reward scenario than certain fixed income investments, specifically Treasuries. With the 10 year Treasury rate around 1.7% a buy and hold investor is, essentially, receiving a return less than the rate of inflation for 10 years. Equity investors, however, can experience a current yield much greater than the 10 year Treasury with the opportunity for that income stream to increase over time. In addition, there is the potential for capital appreciation on top of the income received.

As a result of this simple fact, certain equities appear to be much better alternatives than Treasuries, even though their prices will experience increased volatility at times. With this in mind ARS continues to pursue an approach that focuses on certain investments to take advantage of this disconnect in a way that attempts to capture a majority of the stock market's upside with historically lower volatility and downside risk.

Please feel free to call if you'd like to discuss your individual portfolio in greater detail or set up a time to hold a review meeting.

Sincerely,
Your ARS Team