



September 13, 2012

Market Data through August 31st, 2012

Total Returns:	Month of August	2012 YTD
❖ S&P 500	2.3%	13.5%
❖ Russell 2000	3.3%	10.6%
❖ MSCI EAFE Index	2.7%	6.9%
❖ Emerging Market Index	-0.3%	5.6%
❖ Barclays Bond Aggregate	0.1%	3.9%
❖ S&P GSCI Commodity Index	6.4%	5.0%

August Investment Activity

- Sold Eaton Corporation (Symbol: ETN) in the more conservative portfolios due to its higher volatility and cyclical exposure.
- Began purchasing iShares MSCI USA Minimum Volatility ETF (Symbol: USMV). USMV represents a basket of large US stocks with low volatility characteristics. This investment is structured to capture a majority of the upside in the market while providing downside protection. The top ten holdings include: Kinder Morgan, Wal-Mart, Bristol-Myers, Verizon, Ecolab, Johnson and Johnson, AT&T, ADP, Merck and Paychex.

Things to Consider

There are several potential high-impact events looming (European debt re-structuring, US elections and the fiscal cliff). However, US economic data points to a continuation of slow growth but not a recession. Many experts forecast another round of quantitative easing (QE3) to stimulate the economy. This expectation has contributed to the recent run-up in equity prices. We are keeping equity exposure balanced between defensive-type securities and the more economically sensitive securities. This balance should allow portfolios to participate if the stock market continues to improve but should also provide downside protection if it doesn't.

Please feel free to call if you'd like to discuss your individual portfolio in greater detail.

Sincerely,
Your ARS Team