



March 6, 2013

Market Data through February 28th, 2013

Total Returns:	Month of February	2013 YTD
❖ S&P 500	1.4%	6.6%
❖ Dow Jones Ind Avg	1.6%	7.8%
❖ Russell 2000	1.0%	7.3%
❖ MSCI EAFE	1.3%	4.2%
❖ Emerging Market Index	-2.3%	-2.6%
❖ Barclays Bond Aggregate	0.6%	-0.2%
❖ S&P GSCI Commodity Index	-5.1%	-0.8%

Recent Investment Activity

- Selling certain individual stocks that have become fully valued and reinvesting proceeds into equities that have displayed lower volatility historically.

Things to consider

The market has more than doubled off its low reached back in April 2009. Since the last recession the economy has been growing (albeit slowly) for almost 4 years. Since the end of the Great Depression in the 1930's the time between recessions has ranged from 1 to 10 years with an average of 4 to 5 years between economic downturns. We think the slow growth will continue for at least the next 6-12 months. With interest rates at historic lows equities present an attractive alternative to certain fixed income investments, specifically government securities.

Currently we remain positive toward the equity market but are shifting exposure away from certain individual securities to lower-volatile equities which have a history of shareholder friendly policies and dividend growth. As we make this transition trading activity may run a bit higher than normal.

This risk-management strategy includes defensive sectors such as healthcare, consumer staples, energy pipelines and infrastructure, and large blue-chip companies. Historically, these areas have offered reduced rates of volatility without sacrificing return over an economic cycle.

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