



June 13, 2012

Market Data through May 31th, 2012

Total Returns:	Month of May	2012 YTD
❖ S&P 500	-6.0%	5.2%
❖ Russell 2000	-6.6%	3.4%
❖ MSCI EAFE Index	-11.5%	-3.8%
❖ Emerging Market Index	-11.2%	0.1%
❖ Barclays Bond Aggregate	-0.6%	0.3%
❖ S&P GSCI Commodity Index	-13.0%	-8.3%

May Investment Activity

- Sold Phillips 66 (PSX) which was spun off from Conoco Phillips (COP) last month. While PSX has some attractive businesses the position experienced substantial volatility justifying its removal from portfolios. It represented approximately \$15 per share of COP at the spin-off price.
- Sold Templeton Global Bond. Templeton has been a top performing international bond fund. However, the strength of the dollar due to the European crisis has increased the fund's risk. With the outlook for the dollar remaining strong we reduced exposure to this security.
- Continued to rebalance some individual securities by selling a portion generating small realized gains.
- Increased cash levels as a result of these activities.

Things to Consider

- Greek elections on June 17th will provide some clarity on the direction of its recovery and EU membership.
- Spain is now facing major structural reforms in order to re-capitalize its banks.
- The US economy continues to expand slowly however the very recent data points indicated weakness.
- Energy costs are moderating which should provide some assistance to the US economy.
- China has begun to lower rates to stimulate its economy.

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

Sincerely,
Your ARS Team