December 14, 2012

Market Data through November 30th, 2012

Total Returns:	Month of November	2012 YTD
❖ S&P 500	0.6%	15.0%
❖ Dow Jones Ind Avg	0.8%	15.0%
❖ Russell 2000	0.5%	12.4%
❖ MSCI EAFE	2.4%	13.7%
❖ Emerging Market Index	1.3%	12.7%
❖ Barclays Bond Aggregate	0.2%	4.4%
❖ S&P GSCI Commodity Index	1.5%	0.7%

Recent Investment Activity

- Added exposure to iShares US Minimum Volatility ETF (USMV). Historically, companies with lower volatility have outperformed over time with less risk. By virtue of its structure, an ETF is a basket of securities and therefore involves less risk due to diversification.

Things to Consider

The market continues to focus on the "fiscal cliff". At this point it is impossible to forecast whether an agreement will be reached or not. We believe the odds favor a resolution prior to year-end, or, at least an outline for an agreement. Those in power don't want to chance a potential economic downturn as a result of doing nothing.

Our stock market exposure is heavily weighted toward defensive sectors in companies with strong balance sheets and growing dividends such as consumer staples - McDonalds, Nestles, British Tobacco, healthcare - CVS, Pfizer, pipeline/utilities - Kinder Morgan, Spectra Energy and Williams Companies and telecom - Verizon. The remaining exposure is to energy - Conoco, technology - Apple, IBM and agri-business - Deere, DuPont. We favor companies with free cash flow to support a growing dividend stream and/or share repurchase programs.

As we assess the impact of the "fiscal cliff" negotiations (or lack thereof) we may begin to reduce risk further by selling some individual equity positions and repositioning into ETFs. This will reduce specific stock risk through diversification and lessen volatility.

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