

# McCarthy Asset Management, Inc.

Registered Investment Advisor

July 2, 2012

Dear MAM Client,

Since June is quarter-end, I am keeping this month's Commentary short. This week we will be mailing your quarterly report. In the report I will discuss:

- Mid-year Economic and Stock Market Update (via Bob Brinker's Marketimer and PIMCO Funds Secular Forum)
- Melissa Tosetti of The Savvy Life—Services Now Available to MAM Clients
- Reminder of Other MAM Financial Planning Services (Long-Term Care Plans, Net Worth Analysis and Retirement Analysis)

**Second Quarter Performance:** *Unadjusted for dividends*, the S & P 500 fell 3.3%, the Nasdaq dropped 5.1%, the Russell 2000 slipped 3.9%, and the international equity index MSCI EAFE fell 8.4%. Bonds, as represented by the Barclays U.S. Aggregate Index, were up 2.1% for the quarter. Excluding the “very conservative” portfolios, the composite return of assets in MAM portfolios was a loss of 1.9% (after MAM fees) versus a drop of 2.8% for the Vanguard Index 500 Fund (symbol VFINX) with dividends reinvested. The quarter's composite return for assets in the “very conservative” portfolios was a gain of 0.0% (i.e. no gain or loss).

**Year-To-Date Performance:** For the first six months of 2012, unadjusted for dividends, the S & P 500 rose 8.3%, the Nasdaq jumped 12.7%, the Russell 2000 climbed 7.8%, and the international equity index MSCI EAFE inched up 0.8%. Bonds, as represented by the Barclays U.S. Aggregate Index, were up 2.4% for first six months of 2012. Excluding the “very conservative” portfolios, the composite return of assets in MAM portfolios was a gain of 5.1% (after MAM fees) versus a gain of 9.4% for the Vanguard Index 500 Fund (symbol VFINX) with dividends reinvested. For the first six months of 2012, the composite return for assets in the “very conservative” portfolios was a gain of 4.0%.

**Social Security Webinar:** Last week Alexey Bulankov conducted two webinars for MAM clients on Social Security Planning. The webinars address questions such as:

- Will Social Security be there for me?
- When should I apply for benefits?
- How can I maximize my benefits?

Alexey conducted a third webinar which he recorded and posted a link to it on the MAM website. Here is the link to the 48-minute webinar:

<https://mamportfolios.webex.com/mamportfolios/ldr.php?AT=pb&SP=MC&rID=110674032&rKey=9848cd53b5a2e00b>

**Vacation:** I will be out of the office from July 18<sup>th</sup> through July 29<sup>th</sup>. The first part of the time off will be to travel to L.A. with my younger son Ryan for his USC orientation.

Then it will be off to Maui for a week with the family for some R & R (☺). Alexey, Marilyn and Anthony will be in the office while I am gone.

**Attached Article from The Savvy Life:** Attached is an article from Melissa Tosetti titled “The Savvy Kitchen- Top 10 Money Saving Tips”. This is a good example of the practical, savvy advice that Melissa provides. You can have access to this if you sign up for Melissa’s free weekly newsletter. The link to her website is: [www.thesavvylife.com](http://www.thesavvylife.com). The sign-up for the newsletter is on the left side of the home page.

I am very interested to receive feedback from clients regarding how useful they find the advice that Melissa provides. As explained in the Second Quarter Letter, upon my suggestion Melissa has agreed to provide her services to clients of financial advisors in return for a retainer fee (which MAM has paid).

We have already uploaded to the MAM Web site ([www.mamportfolios.com](http://www.mamportfolios.com)) the June 2012 month-end values and year-to-date performance for client portfolios.

Please let me know if you have any questions or comments.

*Steve McCarthy, CPA, CFP®*