

# McCarthy Asset Management, Inc.

Registered Investment Advisor

July 1, 2013

Dear MAM Client,

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

- Stock Market & MAM Performance for the 2<sup>nd</sup> quarter & YTD 2013
- (Recent) Surge in Interest Rates
- Impact of Rising Rates on the Stock Market
- Time to Switch from Bonds to Stocks?
- Finding Money- by Melissa Tosetti

**2<sup>nd</sup> Quarter Performance:** While U.S. stocks performed well, foreign stocks and bonds did not. For the first six months of 2013, the foreign stock index was up only 2.2% while the U.S. bond index declined 2.4%:

	<u>2nd Qtr 2013</u>	<u>YTD 2013</u>	<u>Description:</u>
Without Dividends:			
S&P 500	2.4%	12.6%	500 Largest Public U.S. Companies
NASDAQ	4.1%	12.7%	stocks trading on the Nasdaq
Russell 2000	2.6%	15.1%	2000 of the smallest U.S. stocks
MSCI EAFE	(2.1)%	2.2%	international stock index
U.S. Aggr Bond	(2.3)%	(2.4)%	index of U.S. bonds

With Dividends, after all fees:

MAM portfolios	0.6%	8.0%	non-very conservative MAM portfolios
MAM Conserv	(1.3)%	1.1%	very conservative MAM portfolios

**Further Reduce Your Bond Allocation?** As discussed in the quarterly letter, we have been somewhat aggressive this year in shifting part of the bond allocation in portfolios into stocks. In the letter, I asked you to contact us if you are comfortable with having us shift part of your remaining bond allocation to stocks.

**Vacation:** I will be out of the office for vacation the week of July 8<sup>th</sup>, although I expect to have limited access to email while I am out. Alexey, Marilyn and Anthony will be in the office while I am gone.

We have already uploaded to the MAM Web site ([www.mamportfolios.com](http://www.mamportfolios.com)) the June 2013 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®*