

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 2nd 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

2nd 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 8th, 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) 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®