

McCarthy Asset Management, Inc.

Registered Investment Advisor

April 2, 2012

Dear MAM Client,

Since March 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:

- Stock Market & MAM Performance for the 1st quarter of 2012
- Economic Outlook- Employment Growth Has Been Good
- Concern About 2013 Tax & Fiscal Policy Changes

First Quarter Performance: 2012 has started out great with stocks posting their best first quarter since 1998. *Unadjusted for dividends*, the S & P 500 rose 12.0%, the Nasdaq jumped 18.7%, the Russell 2000 climbed 12.1%, and the international equity index MSCI EAFE rose 10.0%. Bonds, as represented by the Barclays U.S. Aggregate Index, were relatively flat, inching up 0.3% for the quarter.

MAM Portfolio Performance: Excluding the "very conservative" portfolios, the composite return of assets in MAM portfolios was a gain of 7.2% (after MAM fees) versus a rise of 12.5% 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 4.0%.

Tax Reminders: *April 17th is the deadline for filing 2011 individual income tax returns and making 2011 IRA, SEP-IRA, Roth IRA and Education Savings Account contributions. It is also the deadline for first quarter 2012 Federal and State estimated payments. April 10th is the deadline for California property tax payments for the first half of 2012.*

We have already uploaded to the MAM Web site (www.mamportfolios.com) the March 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®