McCarthy Asset Management, Inc.

Registered Investment Advisor

October 1, 2012

Dear MAM Client,

Since September 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:

- Fed Announces QE3
- Home Prices Are Recovering
- Fiscal Cliff- Getting Closer
- 3rd Quarter Earnings Projected To Drop
- Stock Market Outlook
- Surge In Energy Production- A Game Changer for the U.S.?

Third Quarter Performance: *Unadjusted for dividends*, the S & P 500 rose 5.8%, the Nasdaq climbed 6.2%, the Russell 2000 rose 4.9%, and the international equity index MSCI EAFE climbed 6.1%. Bonds, as represented by the Barclays U.S. Aggregate Index, were up 1.6% for the quarter. Excluding the "very conservative" portfolios, the composite return of assets in MAM portfolios was a gain of 4.7% (after MAM fees) versus a gain of 6.3% for the Vanguard Index 500 Fund (symbol VFINX) with dividends reinvested. The quarter's performance for assets in the "very conservative" portfolios was a gain of 3.9%.

Year-To-Date Performance: For the first nine months of 2012, *unadjusted for dividends*, the S & P 500 rose 14.6%, the Nasdaq jumped 19.6%, the Russell 2000 climbed 13.0%, and the international equity index MSCI EAFE rose 7.0%. Bonds, as represented by the Barclays U.S. Aggregate Index, were up 4.0%. Excluding the "very conservative" portfolios, the composite return of assets in MAM portfolios was a gain of 10.0% (after MAM fees) versus a gain of 16.3% for the Vanguard Index 500 Fund (symbol VFINX) with dividends reinvested. For the first nine months of 2012, the composite return for assets in the "very conservative" portfolios was a gain of 8.1%.

MAM Seminars: If you haven't already, please let me know if you are interested in attending one of the following seminars to be held in our office this month:

How to Plan for Long-Term Care Seminar: Thursday, 10/11 at 1 pm and 7 pm

Living the Savvy Life Seminar: Thursday, 1025 at 1 pm and 7 pm

Alternatively, please let me know if you would like to "attend" one of the webinars:

How to Plan for Long-Term Care Webinar: Thursday, 10/18 at 7 pm

Living the Savvy Life Webinar: Tuesday, 10/30 at 7 pm

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