3rd Quarter 2011 Steven F. Mosshart AIF® Chief Investment Strategist

*2011 Year to Date Market Performance**

S&P 500
-6.34%

Dow Jones
-1.78%

NASDAQ
-5.85%

MSCI EAFE
-13.16%

BarCap US Aggregate Bond
6.51%

Morningstar Large Cap Core
-5.56%

Morningstar Mid Cap Core
-8.60%

Morningstar Small Cap Core
-14.83%

**Market Data supplied by Morningstar through 9/29/11. All returns are with dividends reinvested.*

The 24/7 media and the lives we lead have caused a tremendous amount of angst for investors in terms of massive and constant information. Who do you believe, what do you believe, how much do you believe, what parts do you act on etc? As hard as it is to ignore short term fluctuations, market negativity, and the regurgitations of so-called 30 something market analysts, that's exactly what we do and hope that you will trust us to do the right thing on your behalf - to be your fiduciaries and to guide you through this rough time.

From an overview standpoint, the market volatility has certainly been worse than everyone had expected going into the summer. We were expecting a normal market correction after the nice move up we experienced late last year and the beginning of this year. Unfortunately the impact of the debt ceiling mess, the S&P downgrade, and European fiscal issues was underestimated by all analysts. In simple terms however, the US has the ability to cover its debts, the downgrade is more symbolic than reality and a viable solution for the Greek debacle is near - in our opinion.

It is absolutely true that the economy remains weak but there is a chance that the third quarter numbers could surprise to the upside. Corporate cash has reached the $2 Trillion level and contrary to the continuing negative media reports it has been used for hiring, capital expenditures, and potentially the opportunity for stock buybacks and dividend increases. The second quarter GDP has been revised up to 1.3% from 1% and after tax corporate profits were up 4.3% rather than 4.1% in the second quarter.

As indicated above, the economy didn't slow down as much as expected and the returns of the markets are increasingly **independent** of domestic growth. Currently more than half of the S&P 500 companies' revenues come from overseas. At the same time these companies can leverage the global marketplace to expand and increase revenue, particularly in the higher growth emerging markets. Essentially they can go where the getting is good!

Clearly the big issue, as far as near term speed of recovery is concerned, remains the situation in Europe. The seemingly inevitable Greek default and the implication for the rest of the EU will likely be the key driver for the market's next move, either up or down. In truth we believe that the talked about larger bailout fund and orderly default of Greece is a more likely outcome. With that being said, the severity of the situation is being felt and the member nations understand that it is time to act.

We understand that these are trying times and we are doing our best to make prudent investment decisions on your behalf. We will be making additional adjustments shortly to bring allocations back to normal to take advantage of developing trends - global large cap companies and emerging markets from a mean reversion basis, as examples.

As always we will continue to monitor the global situation and keep you updated as best as possible. We remain hopeful that some of these near term issues will be dealt with in such a way as to allow investors to move forward with a little more confidence. It would certainly be nice to end the year on a more positive note and we hope that by the time we send out our next issue of the StraightTalk the stock markets will have moved higher. If you have any questions or concerns please feel free to call us at 866-401-5238.