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Registered Investment Advisor

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Market Data through Friday, May 7th, 2010

Equity markets have been marked by increased volatility in reaction to the European crisis and a technical trading breakdown on US exchanges. The European situation looks as if the crisis may be averted over the short-term as Europe's central banks agreed to a huge bailout package over the weekend. The technical trading breakdown is still being investigated to determine the exact causes before a solution can be formulated.

The European crisis coupled with technical trading issues in the US caused a flight to quality last week which witnessed huge price swings, especially those of "riskier" and "higher-yielding" assets. In the midst of all Europe's problems the US economic indicators continued to improve. Meanwhile 200,000 gallons of crude oil PER DAY spill into the Gulf threatening the coastal communities from Texas to Florida. So far every attempt to end this environmental disaster has been unsuccessful.

Approximate Year-to-date returns through Friday, 5/7/10:

❖ DJIA	-0.46%
❖ S&P 500	-0.38%
❖ Russell 2000	+4.82%
❖ MSCI EAFE Index	-10.90 %
❖ Barclays Bond Aggregate	+3.13%

April/early May Investment Activity – What We are Doing and Why:

In response to the "flight to quality" we reduced overall equity exposure slightly by selling our most volatile position (the Brazilian ETF, Symbol EWZ) and reducing general stock market exposure by selling a portion of Vanguard Total Stock Market, symbol VTI. While Brazil is still an attractive opportunity we are stepping back for now to assess the global situation.

There are a host of factors currently impacting market sentiment but the largest is the European bailout. Thus, we will wait for more clarity on this issue before building back equity exposure. In addition, the May through October timeframe is typically a seasonally weak period for market returns so taking a wait and see approach appears to be the prudent move at present.

Sincerely,

Kurt Ulrich, CFA