



Portfolio Shift Commentary: August 8, 2011

The intense volatility that has recently gripped U.S. and global stock markets was much in evidence this week. Stocks staged a broad retreat Wednesday after rallying strongly Tuesday when the Federal Reserve Board pledged to keep interest rates near zero through 2013. Tuesday's advance followed a dramatic selloff on Monday, the first day of trading on U.S. exchanges after Standard & Poors announced it was stripping the U.S. of its AAA credit rating.

The sharp swings in stock prices – the Dow Jones Industrial Average dropped 5.5% on Monday, rose 4% on Tuesday, fell more than 4% Wednesday, and rose more than 4% on Thursday – demonstrate the uncertainties plaguing investors. With economic uncertainty and market volatility likely to remain with us for the foreseeable future, we lowered our equity exposure and continued to raise cash on August 8th before the markets opened. We feel that a more defensive positioned portfolio will help lower downside risk over the next few weeks as the markets sort out the rapid flow of global news.

Despite our near term concerns, we still believe that we will make it through this rough patch and end the year on a constructive high note.

As always, we thank you for your continued support.

Sincerely,

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