



Majerko Investment Management

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6/30/2011

2011 Mid Year Market Commentary
For the Clients of Majerko Investment Management

After a nice 1st quarter, the second quarter ended basically flat. This leaves us with a price gain year to date of approximately +5% and a total return (includes reinvested dividends) of approximately +6% for the S&P 500 index. In this quarter we have seen some volatility, including about a -7% correction in the market and a subsequent rally at the end of June. As I often said (sometimes at nauseam), a correction in the market is possible and likely for any reason. But there are some issues out there. One of them is Greece, and the other is our debt situation. Although they make great news headlines, I don't think they are catastrophes waiting to happen. These are known problems; it is the unknown that tends to rattle the markets the most.

I believe that much of these problems are baked in the cake, meaning that they are priced in the markets. As for our debt, I would like to paraphrase a quote by Winston Churchill- *"America always seems to do the right thing, once they exhaust all the other possibilities."* I think we will make progress. As for the market, corporate earnings still look good, valuations look reasonable, and there is a lot of cash on the sidelines that could eventually pour in to the market down the road. I continue to believe long-term investors will be rewarded with solid returns in the future.

As always, we will be contacting our clients on an individual basis, should changes need to be made. Please call me with any questions or concerns. Thank you for your loyalty and trust.

Your referrals are appreciated!

Stock investing involves risk including loss of principal

*The opinions voiced in this material are for general information only and are not intended to provide specific advice for any individual.

*S&P 500 is an unmanaged index which cannot be invested into directly. Past performance is not a guarantee of future results. Market Data Sources: Factset / Yahoo Finance