



Majerko Investment Management

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2011 Year End Market Commentary **For the Clients of Majerko Investment Management**

Well, 2011 was certainly a volatile year to say the least. Through all the ups and downs the market ended basically where it started. The S-P 500 was exactly flat at 0.00% on a price return and +2.1% on a total return basis (with reinvested dividends). This comes amid the backdrop of S-P 500 earnings continuing to grow, in effect making valuations the cheapest they have been in a long time with the S-P 500 trading around 12 times next year's earnings.

In the past, when the market trades at these levels, the subsequent years have produced solid returns. Of course, there is no guarantee that this track record will repeat. The thing that is holding the market back is the problems in Europe. No one knows for sure how this will turn out, but it looks to me that this will be a chronic problem they will have to deal with over time.

In the meantime, the U.S. economy continues to grow, but not as fast as we would like. Indicators seem to be going in the right direction. Believe it or not, the U.S. stock market (S&P 500) has held up the best out of nearly all the major stock markets.

We have problems to be sure; our debt, gridlock in Congress, still high unemployment, are just a few to come to mind. But growth can solve a lot of problems. I believe we are still the most dynamic, entrepreneurial country in the world. The U.S. is still the place people come to build a better life, and our companies compete well in a global economy.

All in all, going forward I believe long-term investors' patience 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. Once again 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 / LPL Financial