



**Majerko Investment Management**

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**2011 3<sup>rd</sup> Quarter Market Commentary**  
**For the Clients of Majerko Investment Management**

The third quarter ended up with a quarterly loss of approximately -14.3% for the S-P 500 on a price basis. The volatility in the quarter, especially the last two months, has been very high. That may be an understatement. The good news is the volatility has been both ways- up and down.

Year to date the S-P 500 is down approximately -10% on a price basis and -8.7% on a total return basis. You don't have to look far to find someone out there to tell you that things are so bad and they will only get worse. Just turn on your TV or read your newspaper or internet. Bad news sells. No doubt there are things to be concerned about. European debt worries, potential recession in the U.S. and gridlock in Washington, are all problems to be sure.

If we look further out we can see that there are potential positives for the stock market longer term. Corporations are at near record earnings, but the market is still down around 25% below its all time high back in October 2007. The price earnings ratio (a ratio used to value the market) of the S-P 500 is around 12 times, which has historically produced solid results for the market in the future. There is also trillions in cash out there sitting on the sidelines with corporations and individuals, much of which may eventually flow into the market and be spent for growth by corporations.

Washington gridlock is another matter. I still believe in the Winston Churchill quote I paraphrased in my last commentary, *"America always seems to do the right thing, once they exhaust all the other possibilities"*.

If we keep the long view and maybe even buy when things are down, I believe diversified 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. Once again, thank you for your loyalty and trust.

**Your referrals are appreciated!**

**Stock investing involves risk including loss of principal**

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

\*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, Yahoo Finance.