



McDONALD & BARRY
RETIREE ASSET MANAGEMENT OF
RAYMOND JAMES®

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McDonald & Barry Retiree Asset Management of Raymond James & Associates, Inc.

Newsletter Winter 2012

Market Update – Remind Me Why I Am Still Invested In Equities?

As I write this market update on 26Dec2011 the DJIA is up 6.19% and the S&P500 is up 0.61% year-to-date. The NASDAQ Composite Index is down -1.29% year-to-date but I will not be surprised if it also ends 2011 in the plus column. You certainly would not characterize 2011 as a year of broad market “swings” and heart pounding domestic and international economic uncertainty if you simply looked at this year-to-date performance. But 2011 did take us on a suspenseful, roller coaster ride!

Recently a friend who is also a client asked an appropriate question, “Remind me why I am still invested in equities?” It happened to be a social setting and he didn’t expect an immediate answer. In fact, he asked it somewhat in jest. I didn’t respond immediately but it deserves a thoughtful answer.

If you are lucky enough to be fabulously wealthy, you could clip your bond coupons and live comfortably today as well as ignore the ravages of inflation over time. Your retirement would be secure and you would have the luxury of not investing in equities for long term growth.

If you are facing retirement with little more than Social Security, you must treat your minimal retirement nest egg as a short term emergency fund. Jeff and I would typically not recommend that you invest in equities. You might need your nest egg at the precise moment when the equity market is down and thus “cashing in” to meet family needs would mean selling low – the opposite of buying low and selling high. Equities should be a long term investment after your short term and emergency financial needs are met.

That leaves the vast majority of us with the need to take some risk by investing in equities. Assets you do not anticipate needing for short term cash needs or unforeseen emergencies need to grow to keep up with inflation and ideally enhance your lifestyle in retirement. These assets with a longer term time horizon, at least 3 to 5 years, are ideally suited for investment in shares of quality companies. Over the long haul the equity market is likely to grow in value as the revenues, earnings, profits, and net worth of these quality companies grow. We do not know exactly when this growth will occur so we have to give our equity investments time. As long as the quality companies we invest in continue to successfully compete and prosper in a dynamic and competitive world economy, we remain invested. If a company falters we reevaluate its role in your portfolio. If domestic or international economic conditions weaken we reevaluate your equity allocation and diversification to align it with your personal financial goals.

2011 has been volatile but quality companies have prospered and thus we answer the question, “Remind me why I am still invested in equities?” Given time, the potential success of these quality companies should be reflected in the growth in value of the equity markets. This in turn, given patience, should contribute to the long term success of your personal investment plan.

Below are two wonderful opportunities to ponder how best to meet your personal financial goals in 2012.

Crystal River, Florida Raymond James Special Event

Start 2012 by joining Jeff and Ned at a Raymond James Crystal River, Florida branch-wide event:

Brunch with Jeff Saut Raymond James Chief Investment Strategist

Jeff is a frequent guest on TV and radio as well as contributor to investment publications. You can view his most recent “Investment Strategy” report and follow his weekly ongoing reports at our website WWW.MB-RAM.COM by clicking on the “Market View” link on the right hand side of the screen.

Following brunch Jeff will:

- Review 2011 and share his outlook and investment strategies for 2012.

Jeff is well known for his insightful and colorful stock market commentary when appearing on various programs on **PBS, NPR, CNBC, Bloomberg TV, USA Network** and **Fox News**, as well as various local radio and television networks. He is often quoted in publications such as **The Wall Street Journal, The New York Times, Barron’s, The Washington Post, BusinessWeek, U.S. News & World Report, Fortune** and **SmartMoney**, as well as on websites including **thestreet.com** and **msnbc.com**.

Date & Time: January 12, 2012 at 11:00 A.M. (Brunch) 12:00 Noon (Program)

Location: Lecanto Campus, College of Central Florida (Conference Center)

XXX Highway 491 South, Lecanto, Florida

Co-Hosts: Ned Barry, Jeff McDonald, and the Financial Advisors of the Crystal River, Florida Raymond James Branch

RSVP: Marie Rausch during business hours at (800) 443-4368.

If you cannot attend, remember that Jeff and Ned are delighted to schedule personal conferences with you to explore if you have taken advantage of this important building block of retirement asset management.

MBRAM Special Event

Also in January you are invited to join Jeff and Ned to learn more about

Bond Investing for Income

Strategies To:

- Create Steady & Predictable Retirement Income
- Provide More Income Than Cash Alternatives
- Take Less Risk Than With Stocks & Other Asset Classes
- Reduce Correlation To Stock Market Ups & Downs

Date & Time: January 24, 2012 at 4:30 P.M.

Location: Citrus Hills Golf & Country Club (Garden Room)

505 East Hartford Street (In Citrus Hills), Hernando, Florida

Hosts: Ned Barry and Jeff McDonald, Financial Advisors

Will Taylor from Eagle Asset Management will provide the wine and chess refreshments and be available to answer questions about opportunities in the current bond market.

RSVP: Marie Rausch during business hours at (800) 443-4368.

If you cannot attend, remember that Jeff and Ned are delighted to schedule personal conferences with you to explore if you have taken advantage of this important building block of retirement asset management.

Last Thursday at MBRAM

Our **January 2012** Last Thursday at MBRAM Retiree Education series topic is an in depth discussion of:

Outlook for the Financial Markets in the Year Ahead

A discussion of economic trends and the coming year's financial outlook. Please join Jeff and Ned who will relate Raymond James' research and investment professionals' opinions on the economy, interest rates and the equity markets. Find out what our expectations are for future market returns and how to position your portfolio for the coming year.

Date & Time: Thursday, January 26, 2012 at 4:00 P.M.

Location: Crystal River Office, 2101 SE Highway 19, Crystal River, Florida

RSVP: Marie Rausch during business hours at (800) 443-4368. If you can not attend, remember that Jeff and Ned are delighted to schedule personal conferences with you to explore if you have taken advantage of this important building block of retirement asset management.

Our **February 2012** Last Thursday at MBRAM Retiree Education series topic is an in depth discussion of:

Establishing a Retirement Plan to Potentially Save Taxes

Discussion of the opportunities available between January 1st and the date you are required to file your tax return to set aside money for retirement while at the same time saving taxes on your current tax return. Furthermore, we will discuss the additional opportunities available to you to establish a retirement plan now, early in the year, to further reduce your taxes in the year ahead.

Date & Time: Thursday, February 23, 2012 at 4:00 P.M.

Location: Crystal River Office, 2101 SE Highway 19, Crystal River, Florida

RSVP: Marie Rausch during business hours at (800) 443-4368. If you can not attend, remember that Jeff and Ned are delighted to schedule personal conferences with you to explore if you have taken advantage of this important building block of retirement asset management.

Our **March 2012** Last Thursday at MBRAM Retiree Education series topic is an in depth discussion of:

Bond Investing

The "spread" in yields between taxable corporate bonds and federally tax free municipal bonds currently favors municipal bonds. Furthermore, there are closed end bond funds that are currently selling at a discount, feature high quality bonds, and highly competitive yields. Join us for a discussion of bond investing at a time when CD yields are relatively low and equity market volatility is high. Municipal bond interest may be subject to AMT, state or local taxes. Closed-end funds may trade at a discount or premium to their net asset value (NAV) and there is no assurance that funds trading at a discount will appreciate to their NAV.

Date & Time: Thursday, March 29, 2012 at 4:00 P.M.

Location: Crystal River Office, 2101 SE Highway 19, Crystal River, Florida

RSVP: Marie Rausch during business hours at (800) 443-4368. If you can not attend, remember that Jeff and Ned are delighted to schedule personal conferences with you to explore if you have taken advantage of this important building block of retirement asset management.

MBRAM Service You May Find Useful

Call us to find out how next January you can have a Raymond James “13 Month Statement”. This statement itemizes all income items and expense items for the previous year. You can use it to adjust your family budget for the new year based on the previous year’s income and expenses. You can also hand it to your income tax preparer to use to check for items of reportable income as well as deductible expenses. Call Jeff or Ned to explore whether you can benefit from this service.

Also check with us about others convenient services that you may enjoy like:

[Monthly check to you or direct deposit to your bank account](#)

MBRAM Website CD and Bond Search

Our MBRAM website gives you the capability to search Raymond James’ inventory of bank CDs and bonds. Add WWW.MB-RAM.COM to your list of internet favorites. From the MBRAM website you can go directly to the bank CD and bond search engine by clicking on “Bond & Bank CD Search” at the bottom right hand corner of the screen. If you have questions you can then email Ned & Jeff simply by clicking on “Contact Us” on the right side of the screen.

You can also read Brad Tottle’s Bond Market Commentary, the Raymond James Municipal Research’s Municipal Bond Weekly, and a wealth of literature to deepen your understanding of various types of bonds and bond investing. All of these wonderful resources are found on our MBRAM website at the “Bond & Bank CD Search” link.

We appreciate your trust and confidence and thank you for your business! We are especially grateful to those of you who introduce your family, friends, and business associates to our services. This is the ultimate confirmation that we are exceeding your expectations

Sincerely,

Ned Barry

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Visit our website at – <http://www.mb-ram.com>

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<http://www.adobe.com/products/acrobat/readstep2.html>.

To opt out of receiving future e-mails from us, please reply to this e-mail with the word “Unsubscribe” in the subject line. The information contained within this commercial e-mail has been obtained from sources considered reliable, but we do not guarantee the foregoing material is accurate or complete.



Disclosures

The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the US stock market. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. It is not possible to invest directly in an index.

Past performance does not guarantee future results. There is no assurance these trends will continue. The market value of securities fluctuates and you may incur a profit or a loss. This analysis does not include transaction costs and tax considerations. If included these costs would reduce an investor's return.

Diversification and strategic asset allocation do not ensure a profit or protect against a loss. Investments are subject to market risk, including possible loss of principal. The process of rebalancing may carry tax consequences. No investment strategy can guarantee success.

As federal and state tax rules are subject to frequent changes, you should consult with a qualified tax advisor prior to making any investment decision.

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Views expressed in this newsletter are the current opinion of the author and are subject to change without notice.

U.S. Treasury securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.

While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, or state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bond investments may involve market risk if sold prior to maturity, credit risk and interest rate risk.