

McCarthy Asset Management, Inc.

Registered Investment Advisor

July 1, 2009

Dear MAM Client,

Since June is quarter-end, I am keeping this month's Commentary very short. Next week we will be sending out your quarterly report(s). In the quarterly letter I will discuss the performance of the stock market and MAM portfolios for the quarter and year-to-date, provide a mid-year economic update where I will discuss my short-term concerns and longer-term reasons for optimism, mention a couple of adjustments I am contemplating for portfolio repositioning, and provide a short explanation of the recently passed Federal "Cash for Clunkers" bill.

June Performance: Stocks rose modestly for the month. Unadjusted for dividends, the S & P 500 was flat, the Nasdaq rose 3.4%, the Russell 2000 climbed 1.2%, and the international equity index MSCI EAFE fell 0.8%. The composite return of assets in MAM portfolios was a gain of 0.3% (net of fees), versus a gain of 0.2% for the Vanguard Index 500 fund (symbol VFINX) with dividends reinvested.

Second Quarter Performance: After posting negative returns for six consecutive quarters, the stock market broke out with its best quarter since the 4th quarter of 1998. Unadjusted for dividends, the S & P 500 rose 15.2%, the Nasdaq jumped 20.0%, the Russell 2000 climbed 20.9%, and the international equity index MSCI EAFE rose 23.8%. The composite return of assets in MAM portfolios was a gain of 13.0% (after fees), versus a gain of 16.0% for the Vanguard Index 500 fund (symbol VFINX) with dividends reinvested.

Year-to-Date Performance: For the first six months of 2009, unadjusted for dividends, the S & P 500 rose 1.8%, the Nasdaq jumped 16.4%, the Russell 2000 climbed 1.8%, and the international equity index MSCI EAFE rose 5.6%. The composite return of assets in MAM portfolios was a gain of 6.1% (after fees), versus a gain of 3.2% for the Vanguard Index 500 fund (symbol VFINX) with dividends reinvested.

We have already uploaded to the MAM Web site (www.mamportfolios.com) the June 2009 month-end values and year-to-date performance for client portfolios.

Vacation: I will be out of the office for a long weekend in the beginning of August. I expect that I will not be sending the July Monthly Commentary until August 4th or 5th. I will then be out of office from August 6th through August 13th for a trip to Hawaii that I am really looking forward to!

Please let me know if you have any questions or comments. Meanwhile, have a happy and safe 4th of July!

Steve McCarthy, CPA, CFP