

McCarthy Asset Management, Inc.

Registered Investment Advisor

July 1, 2005

Dear MAM Client,

Since June is quarter-end, I am keeping this month's Commentary very short. Within the next 7 to 10 days, I plan to send out your quarterly report. In the report I will discuss the performance of the stock market for the quarter, as well as my outlook for the remainder of 2005. Although I have just started to write the report, I plan to discuss projects that we are currently working on. I may also include a discussion of my thoughts about risky financing strategies that many home buyers have recently been using.

March Performance: Unadjusted for dividends, for the month of June, the S & P 500 fell 0.1%, the Nasdaq dropped 0.6%, and bucking the trend, the Russell 2000 rose 3.7%. MAM portfolios rose, on average, 1.6% for the month (after fees).

Year-To Date Performance: For the first six months of 2005, the S & P 500, as represented by the Vanguard Index 500 (symbol VFINX) with reinvested dividends fell 0.9% while the composite return of MAM portfolios was a gain of 0.4% (after fees).

We have already uploaded to the MAM Web site (www.mamportfolios.com), the June 30, 2005 values and year-to-date performance for clients with assets over \$150,000.

Please email or call if you have any questions or want to discuss your portfolio(s). Please note that I prefer that you use my new mail address, steve@mamportfolios.com.

Have a happy 4th of July!

Steve McCarthy, CPA, CFP