

McCarthy Asset Management, Inc.

Registered Investment Advisor

July 2, 2010

Dear MAM Client,

Since June is quarter-end, I am keeping this month's Commentary very short. Next week we will be mailing out your quarterly report. In the report I plan to provide my mid-year economic update and my outlook for the stock market. I also plan to write about some of the interesting sessions that I recently attended at the 2010 Northern CA Financial Planning Association Conference.

June Performance: Stocks had their second consecutive negative month for June. *Unadjusted for dividends*, the S & P 500 fell 5.3%, the Nasdaq dropped 6.6%, the Russell 2000 fell 8.0%, and the international equity index MSCI EAFE slipped 0.8%. MAM portfolios fell 2.0% for the month (after fees), versus a drop of 5.3% for the Vanguard Index 500 Fund (symbol VFINX) with dividends reinvested.

Second Quarter Performance: After posting four consecutive quarters of positive returns, the stock market stumbled this past quarter. *Unadjusted for dividends*, the S & P 500 fell 11.8%, the Nasdaq dropped 12.1%, the Russell 2000 fell 10.3%, while the international equity index MSCI EAFE dropped 13.7%. For the quarter, 99% of MAM portfolios that were in existence for the whole quarter had performance that equaled or exceeded that of the S & P 500. Excluding the very conservative portfolios (which rose slightly), the composite return of assets in MAM portfolios was a loss of 6.6% (after MAM fees), versus a loss of 11.5% for the Vanguard Index 500 fund (symbol VFINX) with dividends reinvested.

Year-to-Date Performance: For the first six months of 2010, unadjusted for dividends, the S & P 500 fell 7.6%, the Nasdaq dropped 7.0%, the Russell 2000 slipped 2.5%, and the international equity index MSCI EAFE plunged 15.4%. For the quarter, 99% of MAM portfolios that were in existence for the whole period had performance that equaled or exceeded that of the S & P 500. Excluding the very conservative portfolios (which rose 2.3%), the composite return of assets in MAM portfolios was a loss of 3.5% (after fees), versus a loss of 6.7% for the Vanguard Index 500 fund (symbol VFINX) with dividends reinvested.

Yesterday you should have received an email that we uploaded to your Vault section of www.mamportfolios.com the June 2010 month-end values and performance for your portfolio(s).

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

Steve McCarthy, CPA, CFP