



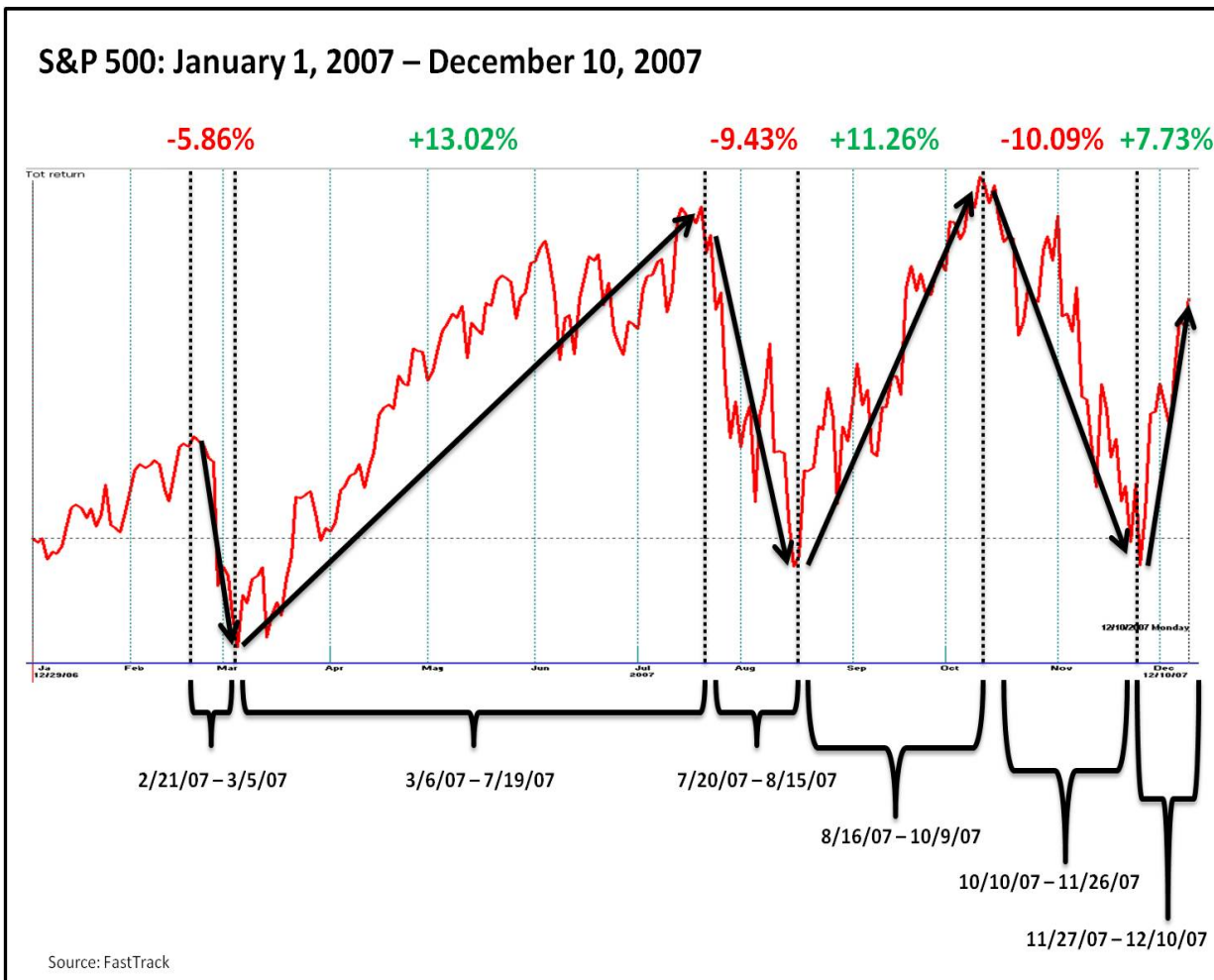
The First Half of 2011 Looks Like 2007

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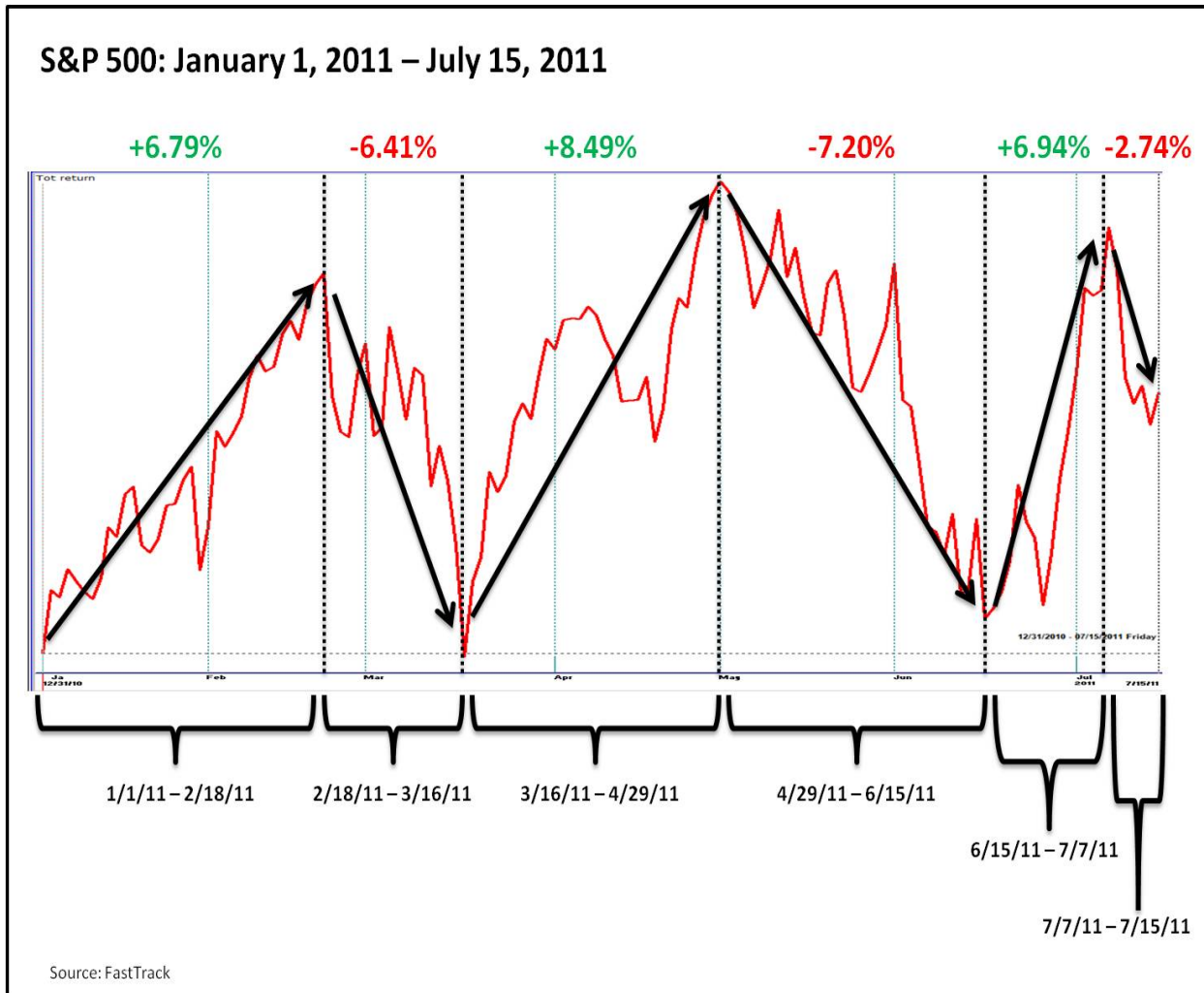
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Back on 12/12/2007, I wrote a Market Commentary that started as follows:

*The equity markets have been very volatile this year, but also range bound. A picture speaks a thousand words so all one needs to do is view the chart below of the S&P 500 Index to understand just how volatile and range bound things have been. Specifically, since February 20, 2007, only nine and one half months or so ago, the S&P 500 Index has been **down 5.86%, up 13.02%, down 9.43%, up 11.26%, down 10.09%, and now up 7.73%** - through 12/10/07 - so far in this latest up leg! All this in ONLY nine and one half months!*



History is repeating itself so far in 2011, which has been fraught with ups and downs in both international and domestic equity markets. This is due to many things, including the considerable economic doubts and various countries debt situations. This uncertainty has translated into market performance with direct impacts on portfolio returns and more prominently in portfolio volatility. This volatility is best seen in the chart below of the S&P 500 Index beginning 1/1/11.



2010 ended positivity and the momentum carried into the first two months of 2011 however the end of February began a series of events which led market returns on a whipsaw ride of ups and downs, resulting in the current universal mid-year views of market uncertainty.

What news was associated with this volatility? All the usual; crude oil prices, natural disasters, corporate earnings, politics, economic forecast revisions for both developed and emerging markets, the European debt situation, the United States debt situation and more to name just a few.

One thing is for certain; the current volatile, range bound market activity is difficult at best to profit from. In this investing environment patience is the most important attribute. We will be patient and be careful until the trends are preferable.

Our strategy at Hanlon Investment Management is to attempt to minimize downside risk by exiting risk asset classes, such as equities, during periods of uncertainty, getting invested in more conservative asset classes, such as money markets and short-term bonds, and re-entering into risky asset classes when we identify them as attractive, when the trend is our friend and positive!

Having identified this volatility, in June we made defensive, tactical investment decisions that provide less exposure to these volatile, range bound markets and prepare us to re-enter the markets when they possess improved risk characteristics.

Thank you for the opportunity to be of service.

Thank you,



Sean Hanlon, CFP®
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