Rinehart Wealth Management
Greater Trust

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First Quarter 2012 Economic Overview

April 30, 2012

S&P 500	13.10%
Dow Jones Industrials	8.84%
NASDAQ Composite	19.11%
Russell 1000	12.90%
Russell 2000	12.44%
MSCI Emerging Markets	10.76%
MSCI EAFE	10.34%

The S&P 500 welcomed us to 2012 with a 12% total return in the first quarter. This much appreciated commencement marked the best first-quarter performance in over 14 years. To many, this level of appreciation is startling given the wall of worry that built up during the middle of 2011.

The combination of attractive valuations and improving economic data points provided the spark the market needed to reach levels not seen since before the 2008 crash.

This quarter rounded the three-year anniversary of the March 2009 market bottom. Since then, the S&P 500 has climbed over 102%, as depicted in Chart I. Fueling this market recovery has been the combination of a 40% increase in government debt to $15.5 trillion and a 95% increase in S&P Operating EPS (earnings per share). Interestingly, revenue growth has been a moderate 1%, while real GDP growth has been only 6.0%. Despite a recovery in many economic metrics, unemployment has lagged and remains over 8% as of March 9th. In Table I, we provide a snapshot of the recovery since the market bottomed in March of 2009. As you can see we have experienced a significant recovery in certain metrics despite what feels like sluggish growth.

Chart I: S&P 500 – 3 Year Anniversary Performance

Source: FactSet Research Systems, Inc. – Rinehart Wealth Management

Table I: S&P 500 – 3 Year Anniversary Data Points

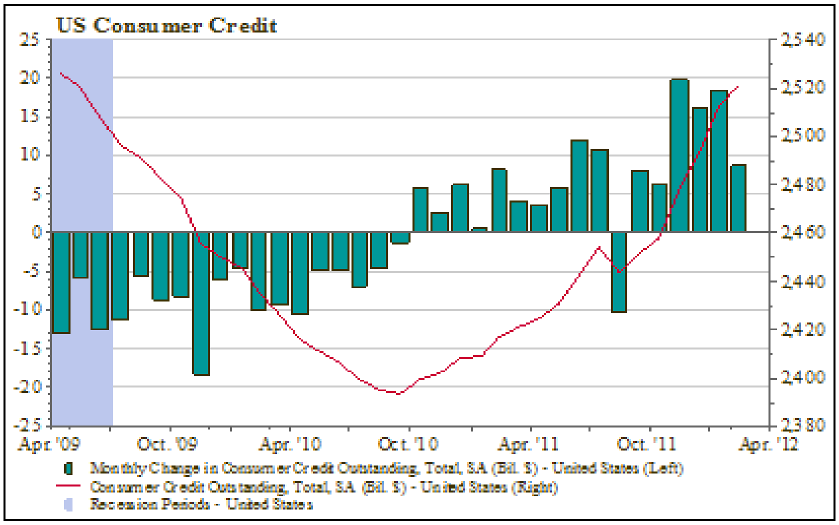
	March 9th, 2009	March 9th, 2012	Percentage Change
S&P 500	$ 676.53	$ 1,370.87	102.6%
S&P 500 Operating EPS (TTM)*	$ 49.51	$ 96.44	94.8%
S&P 500 Operating Margin*	4.7%	9.1%	93.6%
S&P 500 Revenue per Share (TTM)*	$ 1,042.50	$ 1,052.90	1.0%
Total Government Debt (USD Bil.)	$ 11,126.94	$ 15,582.08	40.0%
Real GDP** (USD Bil.)	$ 12,663.20	$ 13,429.00	6.0%
US Unemployment Rate	9.8%	8.2%	-16.3%
US Benchmark Bond - 10 Year	2.9%	2.0%	-29.0%

**Source: Strategas Research Partners*
***As of quarter-end*

Source: FactSet Research Systems, Inc. – Rinehart Wealth Management

This calls into question what the drivers of the market will be going forward. We believe revenue growth and P/E (price-to-earnings) multiple expansion will be critical to sustaining upward momentum in the market. Despite significant strides toward recovery, the economy still faces a headwind in the form of consumer debt outstanding. One of the main questions we grapple with is "How much debt can the consumer tolerate?" Consumer spending is critical not only to the domestic economy but also to global economic growth. The series of charts on the next page illustrates how the consumer increased leverage and decreased savings in the first quarter. Although this supports expectations for accelerated GDP growth, the question about the sustainability of this trend remains given the leverage currently on consumer balance sheets.

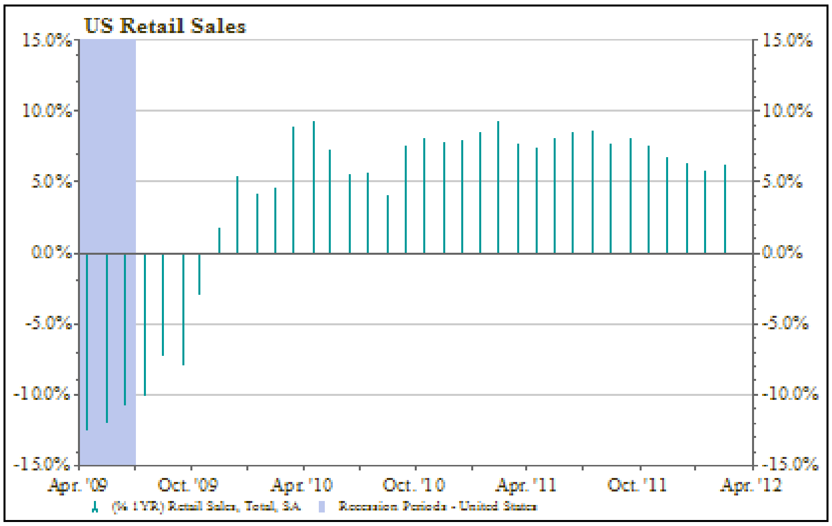
Chart II: Domestic Consumer Debt



Source: FactSet Research Systems, Inc. – Rinehart Wealth Management

Consumer credit is flowing again. This is critical to sustained economic improvement given how important the consumer is to GDP growth and how important credit is to the domestic consumer.

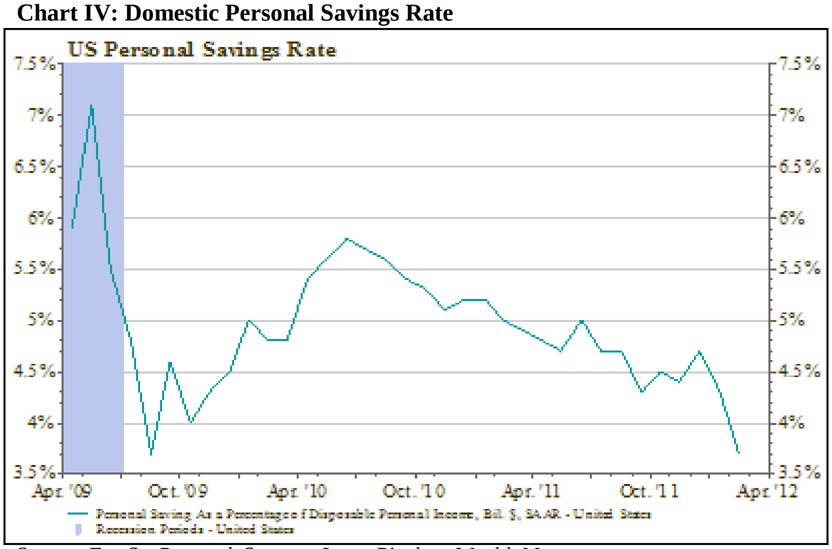
Chart III: Domestic Retail Sales



Source: FactSet Research Systems, Inc. – Rinehart Wealth Management

Retail sales have shown nice growth since we emerged from the recession in 2009.

Chart IV: Domestic Personal Savings Rate



Source: FactSet Research Systems, Inc. – Rinehart Wealth Management

Unfortunately, recent spending is coming at the expense of savings, which we view as unsustainable long-term.