

### Third Quarter 2012 Economic Overview

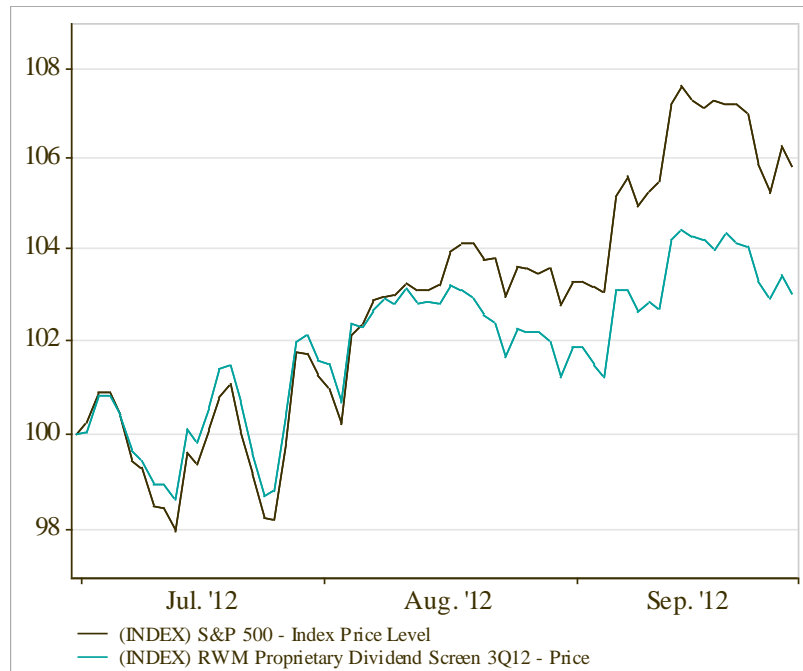
On the heels of the recently announced QE3, the S&P 500 produced gains of 6.3% during the third quarter. At the end of the quarter the S&P was up 16.4% YTD and easily surpassed 1,400. Additionally, we saw a much needed rally in the technology sector as well as Emerging Markets. However, since the commencement of earnings season we have seen many technology stocks correct due to concerns over global growth and technology spending trends in the government, financial and European markets.

The quarter exhibited a move toward riskier assets, commonly referred to as “risk-on.” This rapid move towards risk-on was characterized by lower quality stock, higher risk debt instruments and cyclical sector outperformance. As depicted in the chart to the right, our strategy of overweighting high-quality companies, growing dividends lagged the S&P 500 during the quarter. In an environment of increasing risk appetite, we anticipate the RWM Proprietary Dividend Screen (shown in green) will lag the S&P 500 (shown in black). Consequently, we are not concerned by this temporary underperformance and expect this long-term strategy to outperform during what we anticipate will be increased volatility surrounding earnings, the election and the pending “Fiscal Cliff.”

Chart II exemplifies the move toward riskier assets, as Treasuries underperformed and investors abandoned safety and moved toward riskier fixed income assets such as Emerging Market Debt.

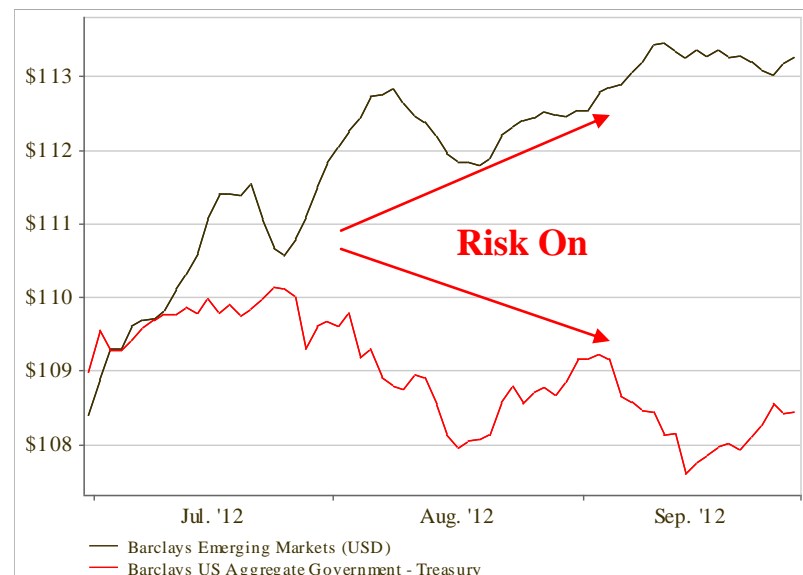
<b>S&amp;P 500</b>	<b>6.35%</b>
<b>Dow Jones Industrials</b>	<b>5.02%</b>
<b>NASDAQ Composite</b>	<b>6.51%</b>
<b>Russell 1000</b>	<b>6.31%</b>
<b>Russell 2000</b>	<b>5.25%</b>
<b>MSCI Emerging Markets</b>	<b>6.05%</b>
<b>MSCI EAFE</b>	<b>4.73%</b>

**Chart I: RWM Proprietary Dividend Screen vs. S&P 500**



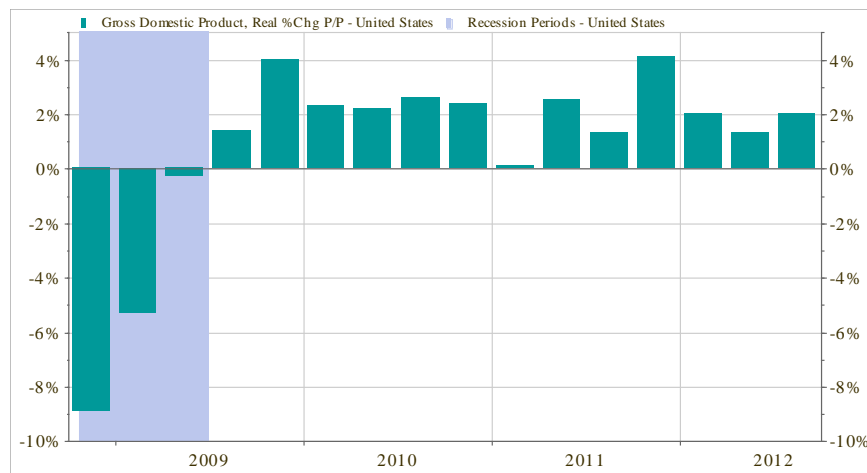
Source: FactSet Research Systems, Inc. – Rinehart Wealth Management

**Chart II: Bond Prices – Emerging Market vs. US Treasury**



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

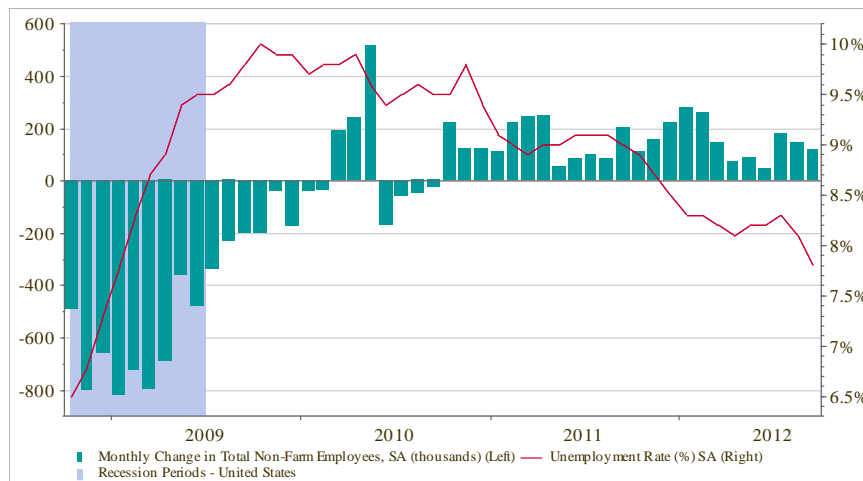
**Chart III: GDP Growth**



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

We estimate 2% GDP growth for the next several quarters as the country continues to battle excessive debt loads.

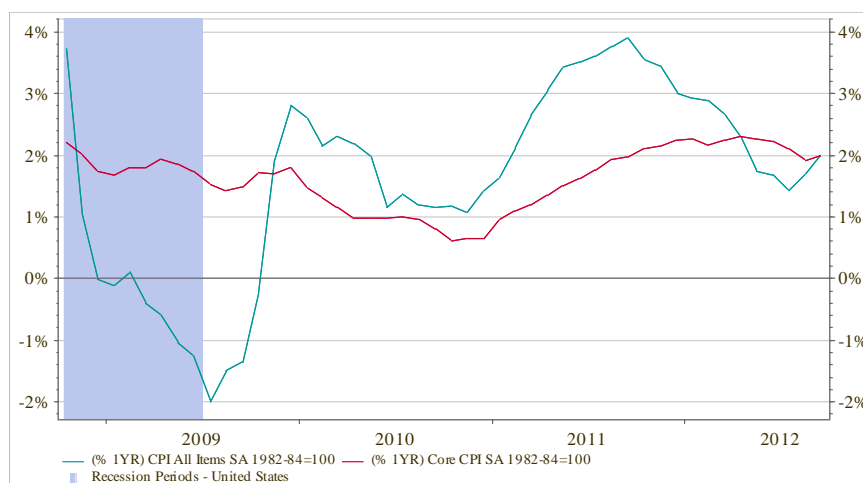
**Chart IV: Monthly Change in Non-Farm Employment & Unemployment Rate**



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

As a result of sluggish GDP growth and uncertainty surrounding governmental policies going forward, the unemployment rate remains high.

**Chart IV: US Consumer Price Inflation (CPI)**



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

Inflation, as defined by Core CPI, remains tempered. We question the inflationary impact of QE3 and forecast an uptick in intermediate term inflation to 3%.