

Rinehart Wealth Management

Fourth Quarter 2012 Economic Overview

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February 2013

Rinehart Wealth Management
Greater Trust

Positive Indications

Stimulus QE Infinity



Maintain Solid Equity Exposure

Fund Flows Suggest Equity
Underowned



Overweight US Equity Exposure
Underweight Treasuries

Housing



Overweight Domestic Equities

Market Resilience



Increase Small Cap and Cyclical
Exposure

Negative Indications

Unemployment Structurally
High



Overweight High-Quality, Lower-
Risk Assets

GDP Growth Stymied by Debt
“Debt will accumulate until the overhang
weighs on growth” (Source: Bloomberg, Carmen
Reinhart & Kenneth Rogoff)



Expect More Modest Market
Growth

Looming Debt Ceiling



Position Portfolios for Volatility
Underweight Risky Assets

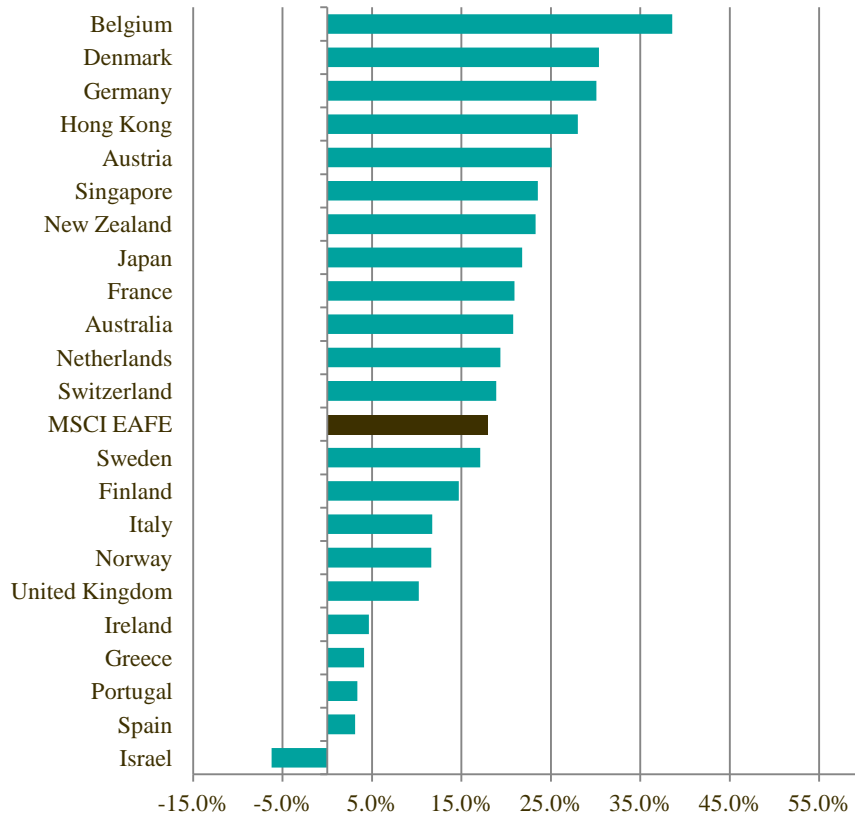
Potential Inflation



Gradually Introduce More
Commodity Exposure

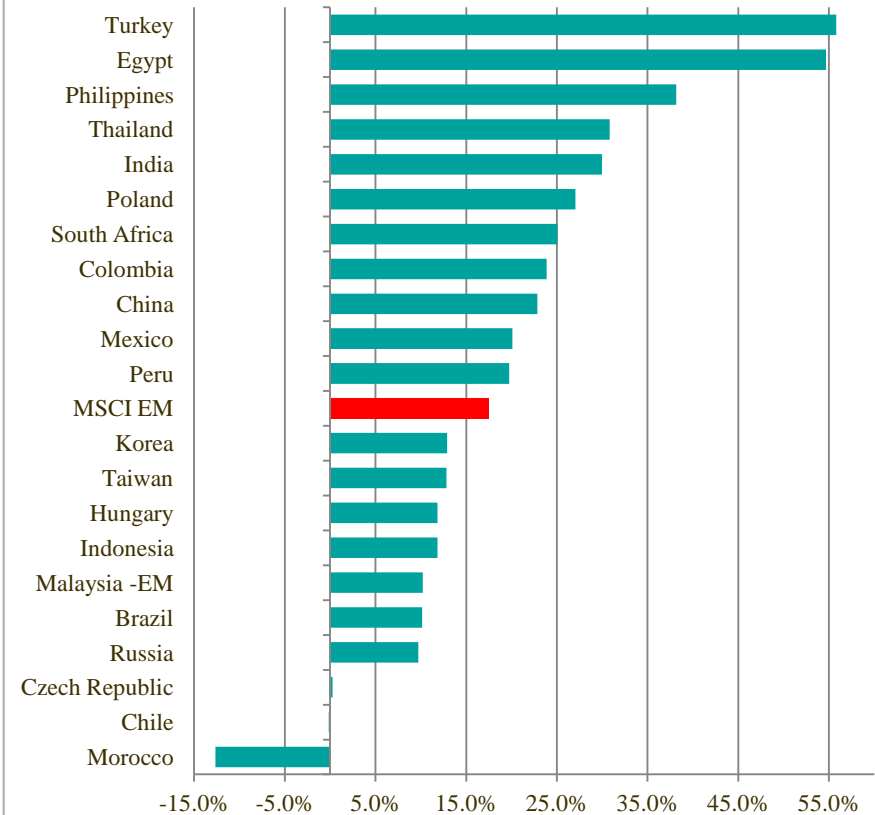
Around the Globe – International Breakdown of 2012

Developed Countries - 60% Allocation



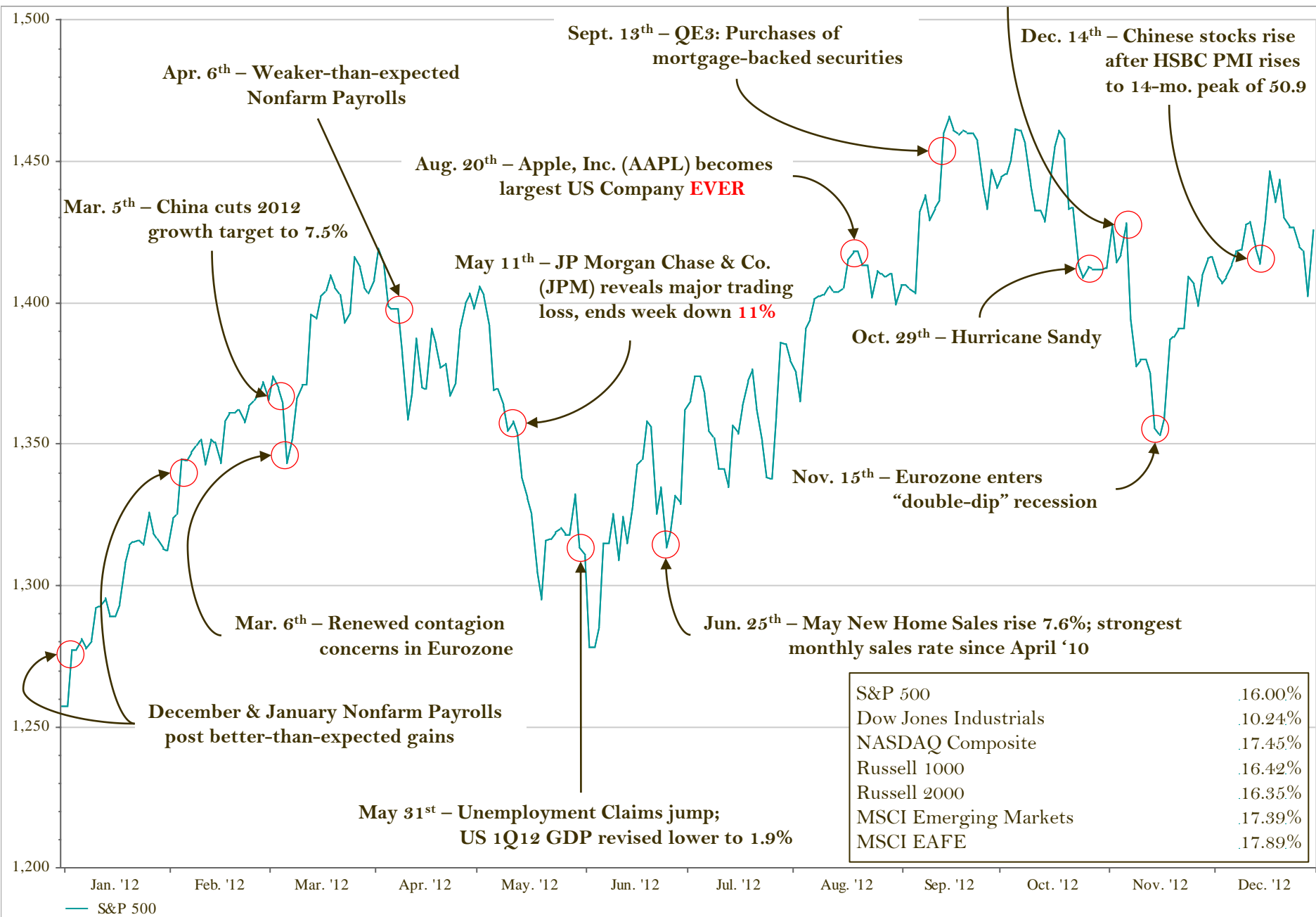
- European concerns abate with Western European countries leading the benchmark returns
- We think structural issues will continue to plague Europe but have uncovered some exceptional values and yields

Emerging Market Countries - 40% Allocation



- Country performance dispersion is high
- Our focus on Frontier Markets has exhibited significant outperformance
- This year, we saw many riskier domiciles rally considerably
- Egypt rallied against the backdrop of stabilizing political environment

S&P 500 Performance 2012

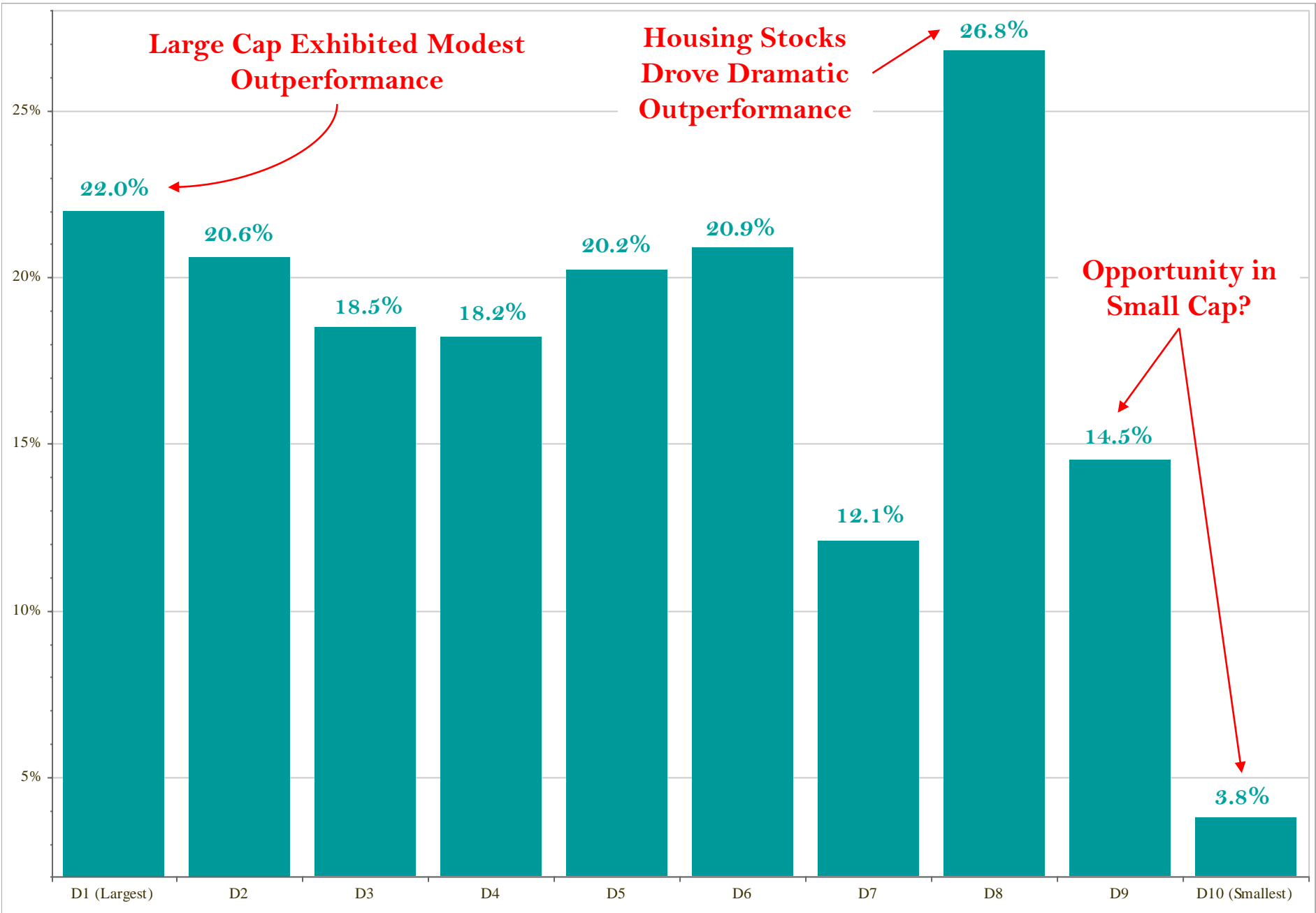


S&P 500 Sector Heat Map

S&P Sector Total Returns					S&P Sector Trailing 3-Month Relative Performance												
Sectors	2009	2010	2011	2012	1/31/12	2/29/12	3/30/12	4/30/12	5/31/12	6/29/12	7/31/12	8/31/12	9/28/12	10/31/12	11/30/12	12/31/12	
Defensives																	
Utilities	11.91%	5.46%	19.91%	1.29%	-4.59%	-9.78%	-14.21%	-3.13%	7.32%	9.30%	8.08%	-5.64%	-6.88%	-4.56%	-3.04%	-2.48%	
Telecom	8.93%	18.97%	6.27%	18.31%	-3.42%	-5.25%	-10.51%	3.55%	12.96%	16.89%	16.16%	1.69%	1.70%	-5.92%	-2.61%	-5.64%	
Health Care	19.70%	2.90%	12.73%	17.89%	1.89%	-2.64%	-3.53%	-1.53%	3.98%	4.50%	3.83%	0.07%	-0.19%	1.77%	2.98%	0.45%	
Staples	14.89%	14.11%	13.99%	10.76%	-1.41%	-5.27%	-7.05%	0.40%	6.14%	5.63%	6.23%	-1.88%	-2.52%	-3.14%	0.67%	-1.37%	
Near Cyclicals																	
Energy	13.82%	20.46%	4.72%	4.61%	-2.83%	-3.74%	-8.71%	-5.72%	-10.49%	-3.24%	-0.34%	4.68%	3.79%	0.72%	-1.34%	-2.37%	
Financials	17.22%	12.13%	-17.06%	28.82%	-0.51%	5.40%	9.46%	3.12%	-1.10%	-4.08%	-3.62%	0.66%	0.60%	5.87%	3.32%	6.30%	
Cyclicals																	
Technology	61.72%	10.19%	2.41%	14.82%	-0.40%	4.48%	8.87%	3.66%	-1.26%	-3.93%	-3.18%	1.36%	1.10%	-3.74%	-5.81%	-5.34%	
Discretionary	41.30%	27.66%	6.13%	23.92%	1.25%	2.17%	3.37%	3.86%	3.50%	0.15%	-3.38%	-1.84%	1.10%	3.15%	3.58%	2.48%	
Industrials	20.93%	26.73%	-0.59%	15.35%	4.01%	1.12%	-1.28%	-4.15%	-2.37%	-0.81%	-1.32%	-2.27%	-2.73%	-0.35%	1.61%	4.08%	
Materials	48.59%	22.20%	-9.75%	14.97%	3.65%	-1.68%	-1.40%	-7.97%	-4.75%	-1.44%	-3.70%	-1.81%	-1.25%	1.16%	2.08%	3.06%	
S&P 500	26.46%	15.06%	2.11%	16.00%	5.32%	10.11%	12.59%	7.08%	-3.53%	-2.75%	-0.78%	7.94%	6.35%	2.96%	1.27%	-0.38%	

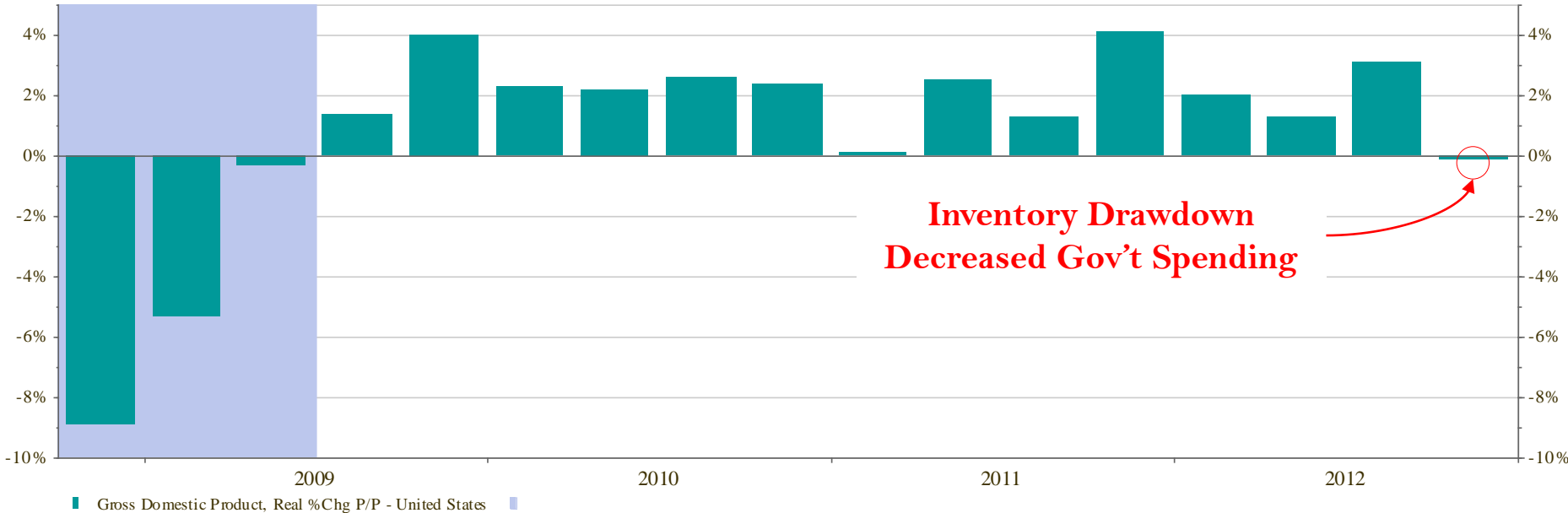
- Utilities and other high-yield equities underperform in 4Q due to concerns regarding higher dividend taxation and QE3-induced move toward riskier assets
- Financials exhibit strong performance into year-end, as attractive valuations combined with modestly better earnings and some visibility on legislation propelled investor confidence

S&P 500 Performance by Market Cap (Unweighted, YTD)

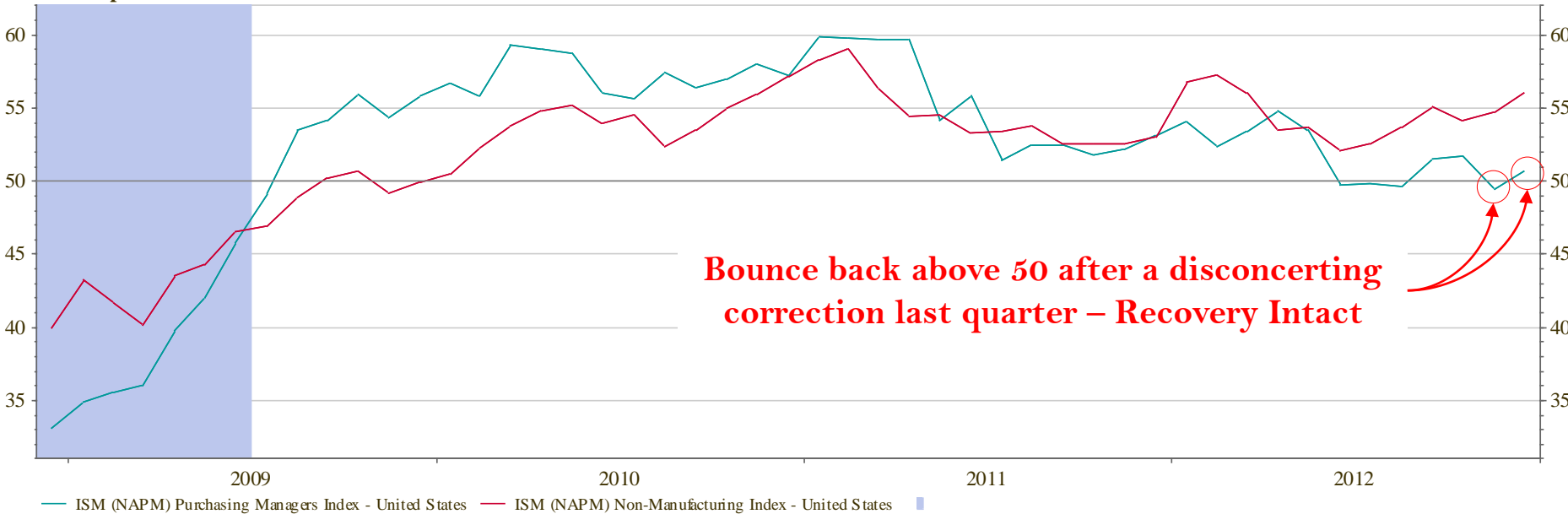


US Economic Snap Shot – 2.2% GDP Growth in 2012

US Real GDP Growth



ISM Report on Business

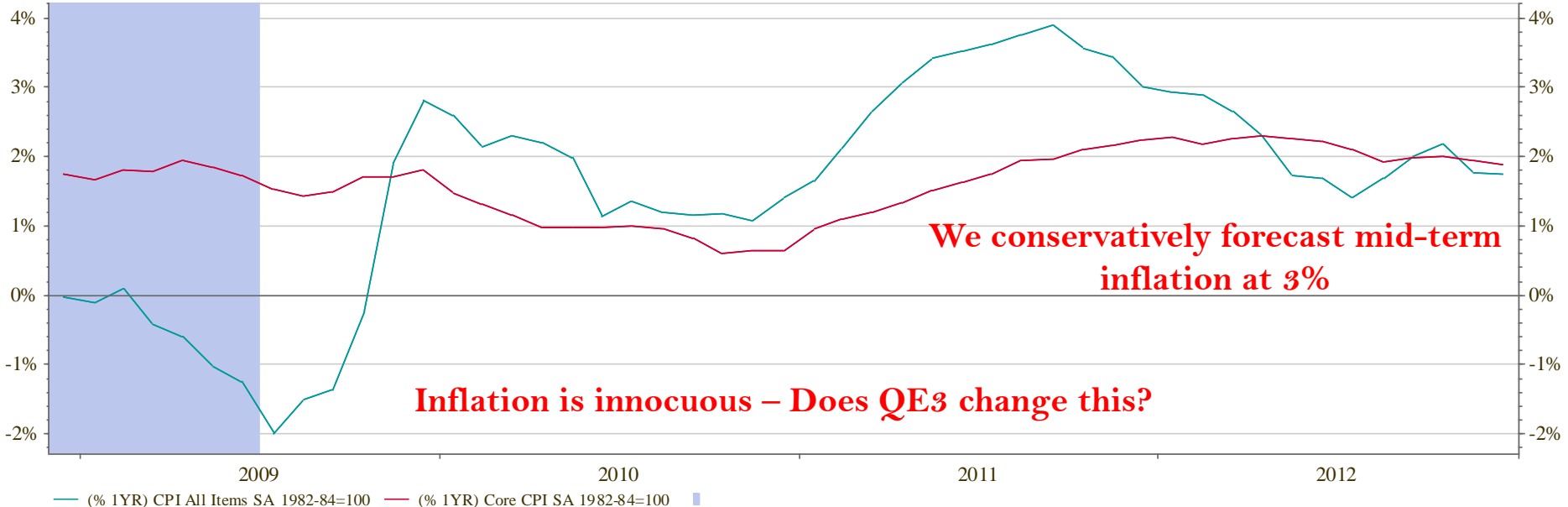


Unemployment & Inflation

US Monthly Change in Non-Farm Employment & Unemployment Rate



US Consumer Price Inflation



Key Assumptions Framing Target Return Expectations

Inflation	3.00%	Depressed near-term inflation rises moderately due to effects of stimulus
GDP Growth	2.50%	Growth continues at slower pace than historical; demographics & debt levels constrain domestic growth
Risk-Free Rate	1.00%	Fed depresses interest rates until 2015, but, over the longer-term, we assume a modest move toward normalization
Additional Equity Risk Premium	0.50%	Amount of added return required for increasing exposure to volatility and risk

	Ultra		Conservative			
Risk Tolerance:	Conservative	Conservative	Balanced	Balanced	Growth	Aggressive Growth
Target Return:	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%

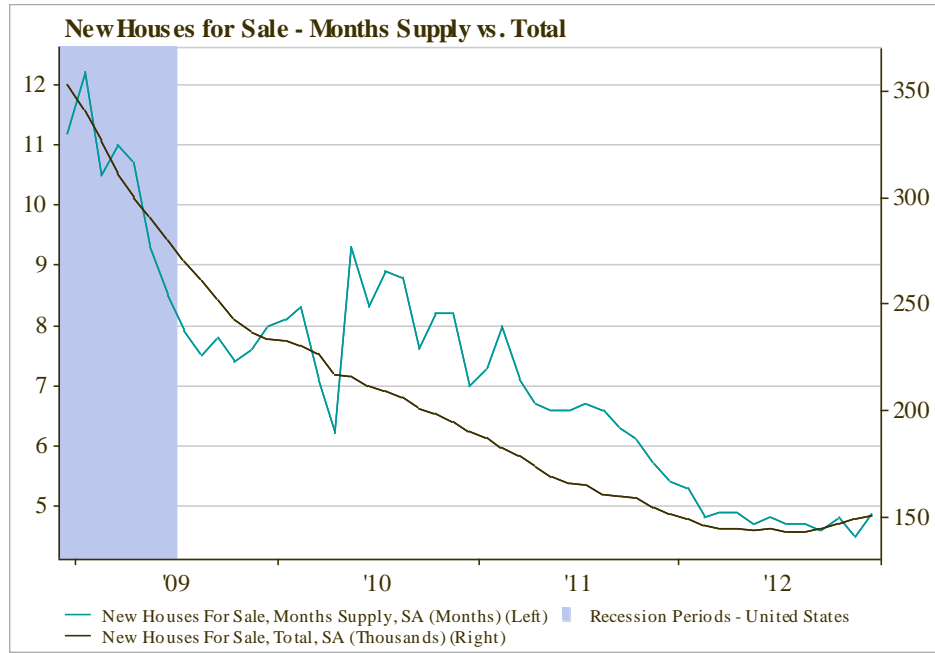
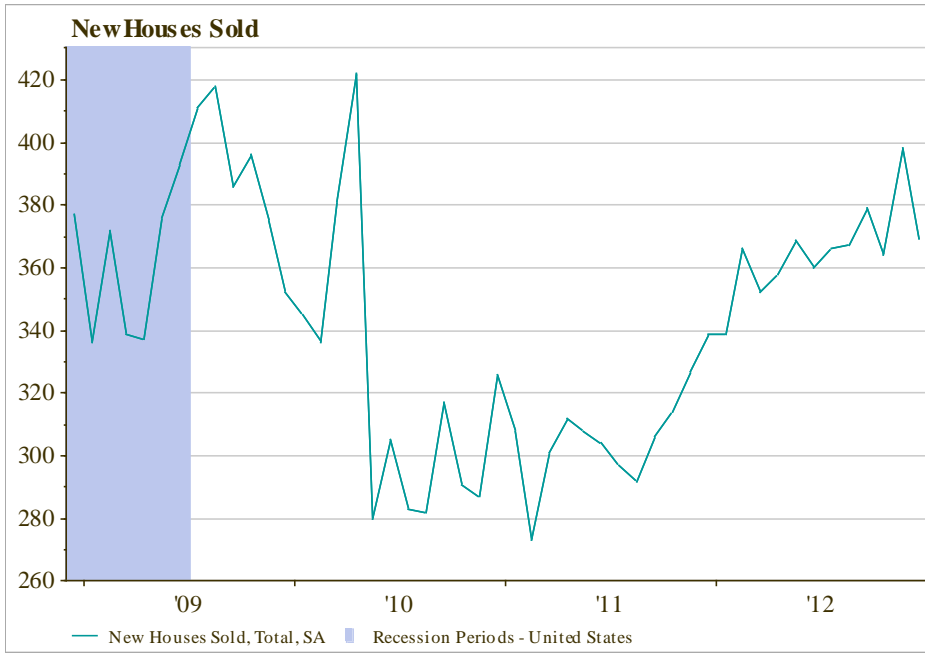
Consumer – High Confidence = Complacency



Housing

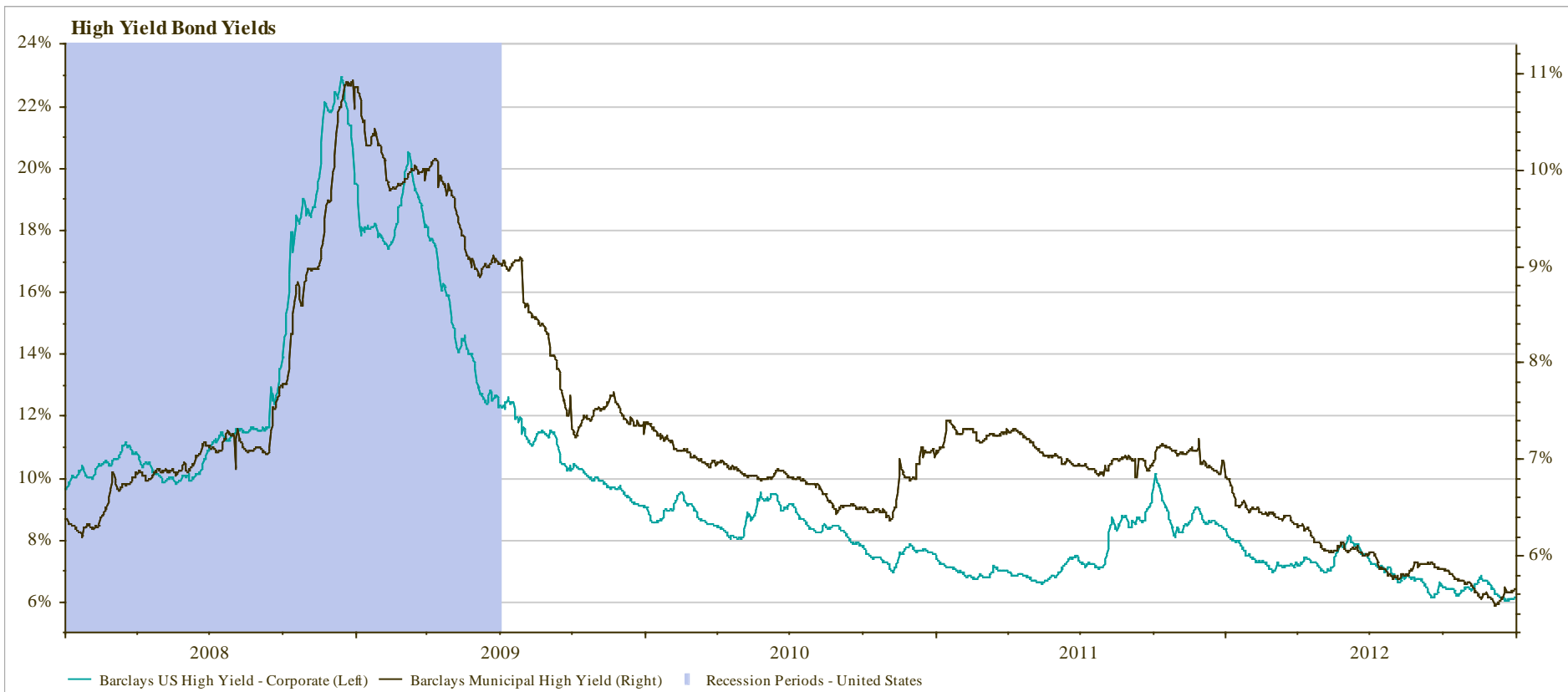


Housing Recovery Continues



Prices are
Rising

Fixed Income = Risk On!

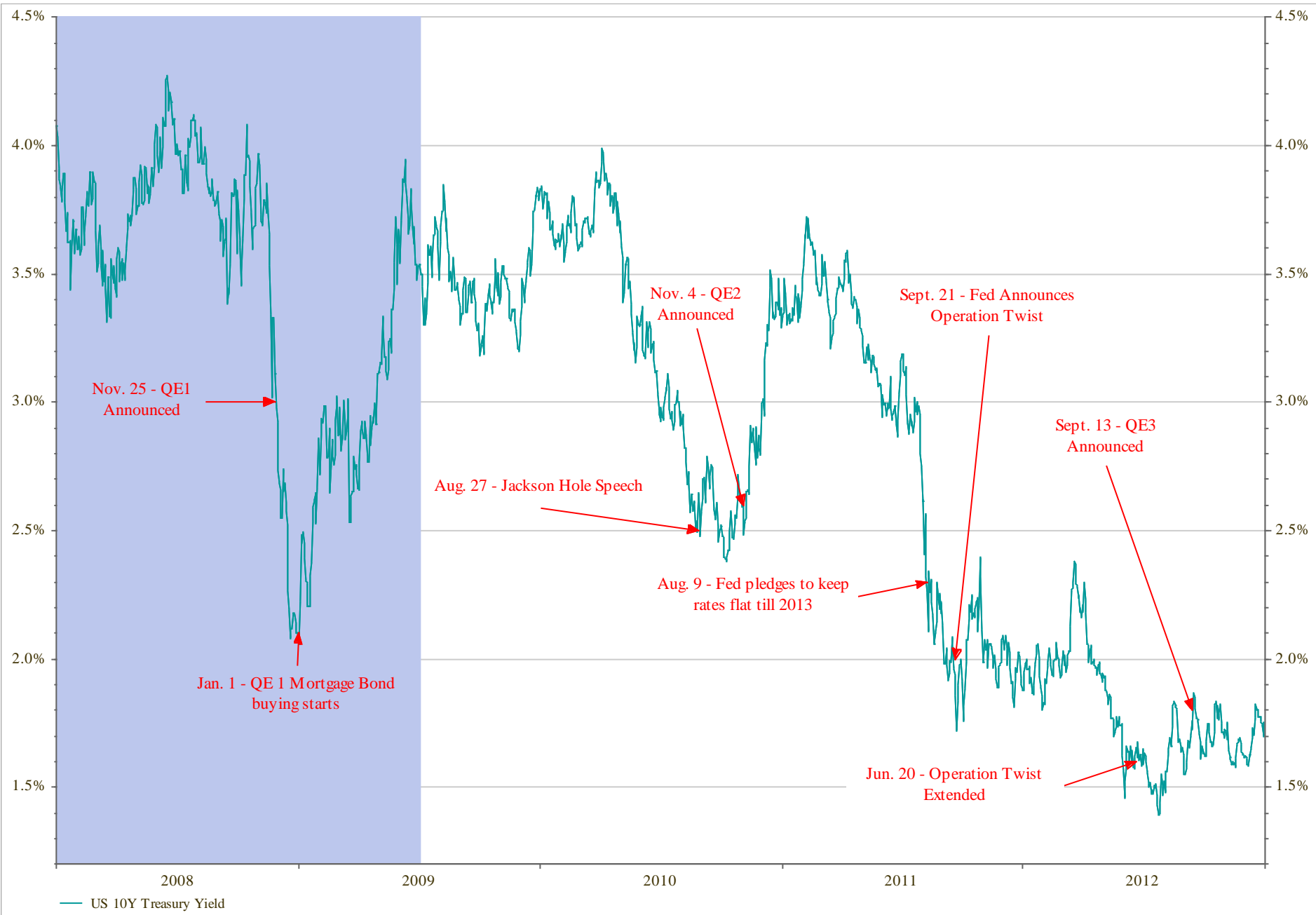


- Given the insatiable demand for yield, investors have flocked to higher-yielding, riskier bonds
- Junk Bond Issuance hit a record \$350 billion in 2012 (*Source: Wall Street Journal*)
- High-Yield Corporate Bond Rates are the lowest we have seen over the past 10 years

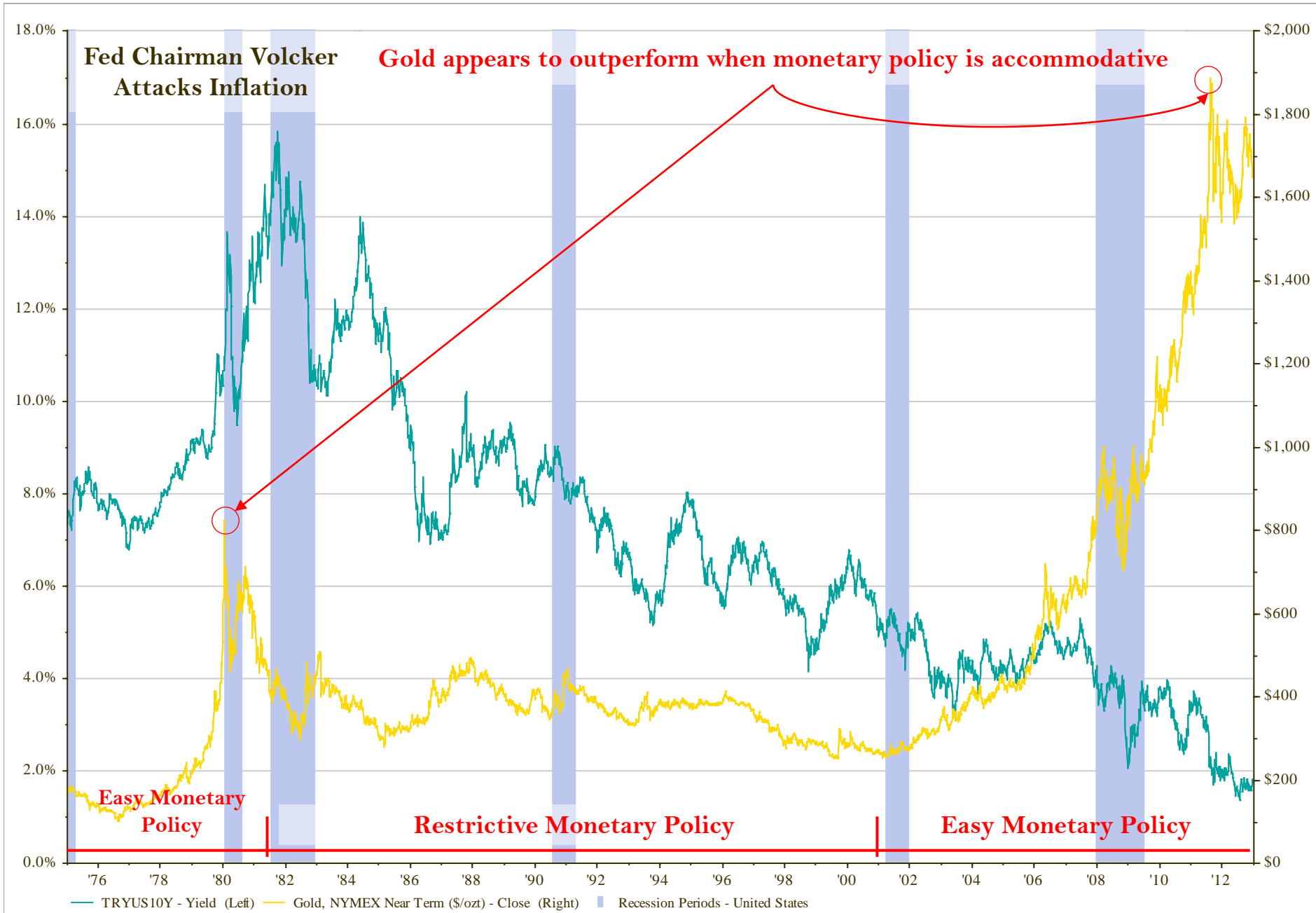
Monetary Policy



Monetary Policy: Treasury Yields Remain Low Despite QE3



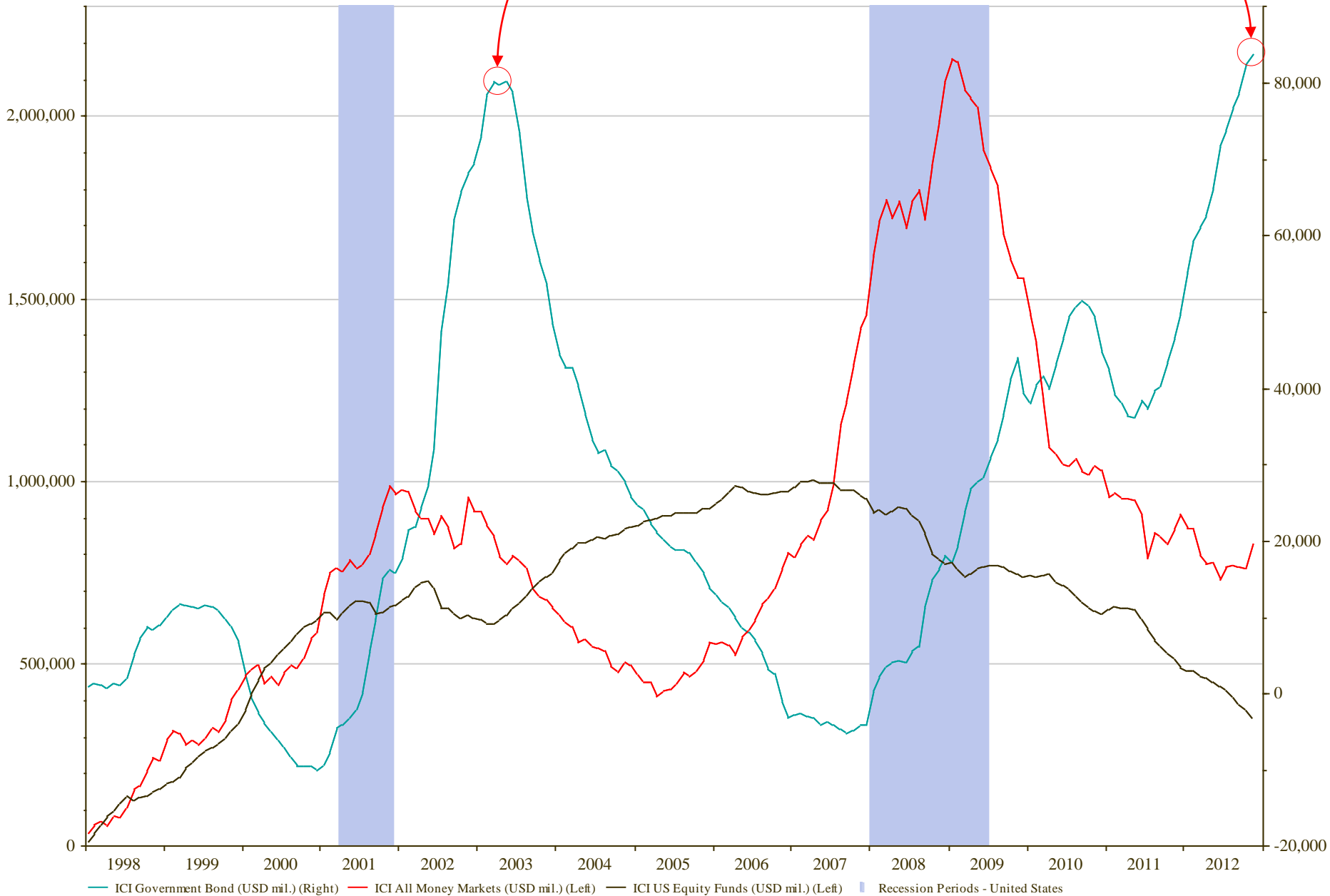
Monetary Policy – What Happens to Gold when Rates Rise?



Fund Flows

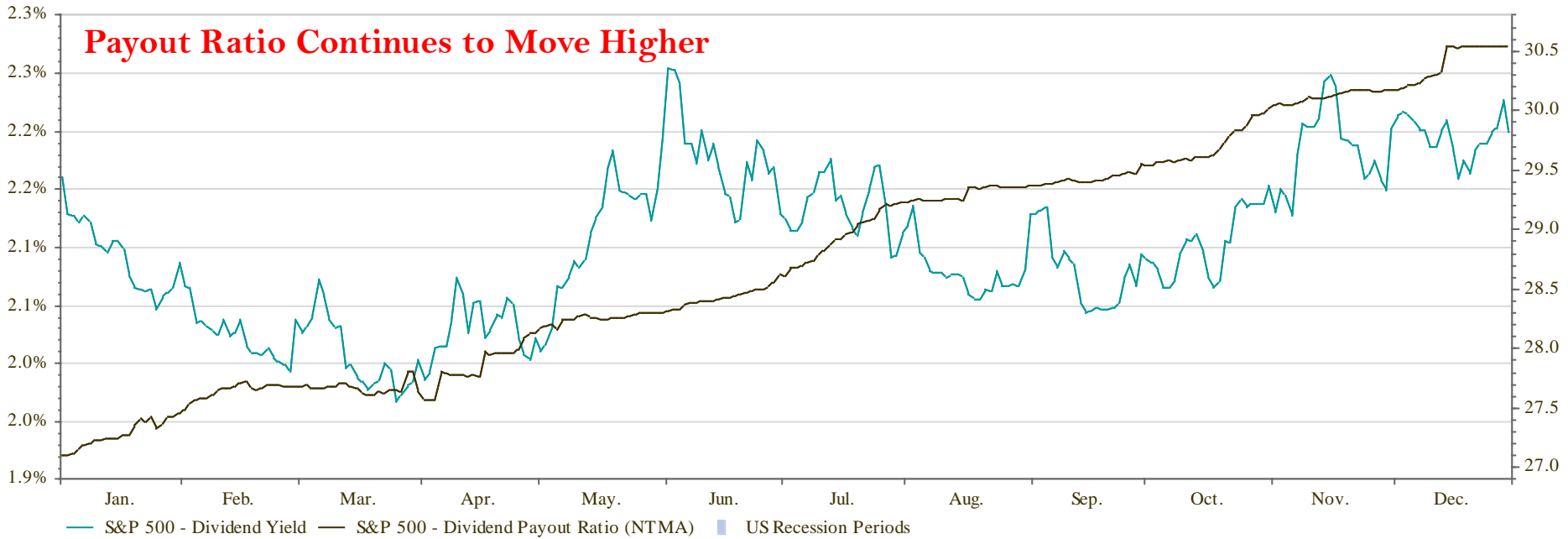
Fixed Income Flows Approaching Peak Levels

Cumulative Net New Cash Flows

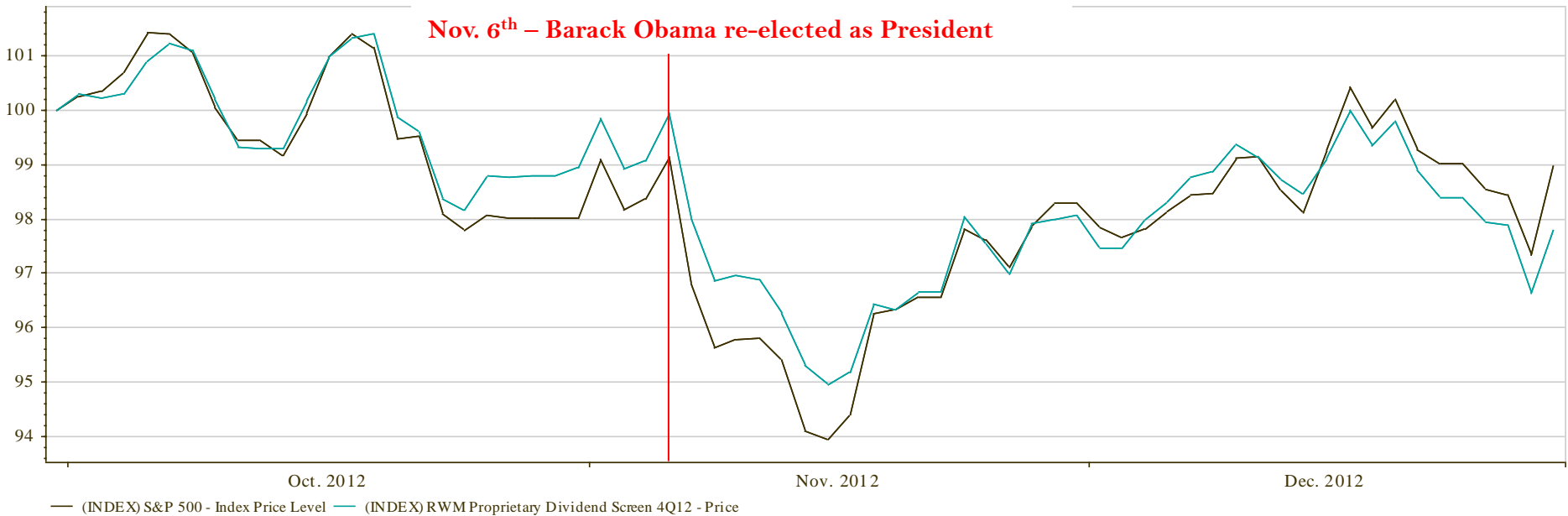


Dividends

Payout Ratio Continues to Move Higher

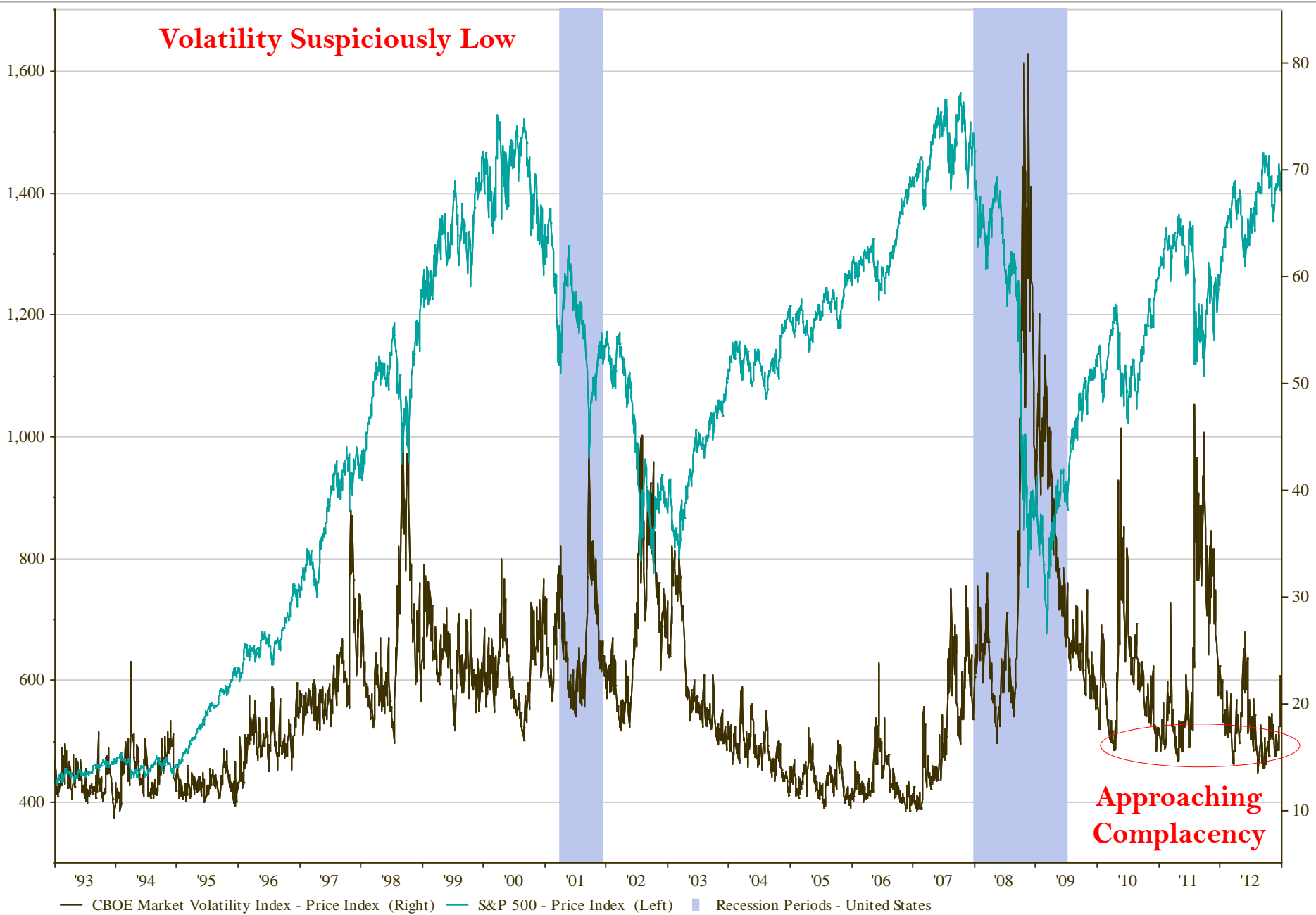


Nov. 6th – Barack Obama re-elected as President



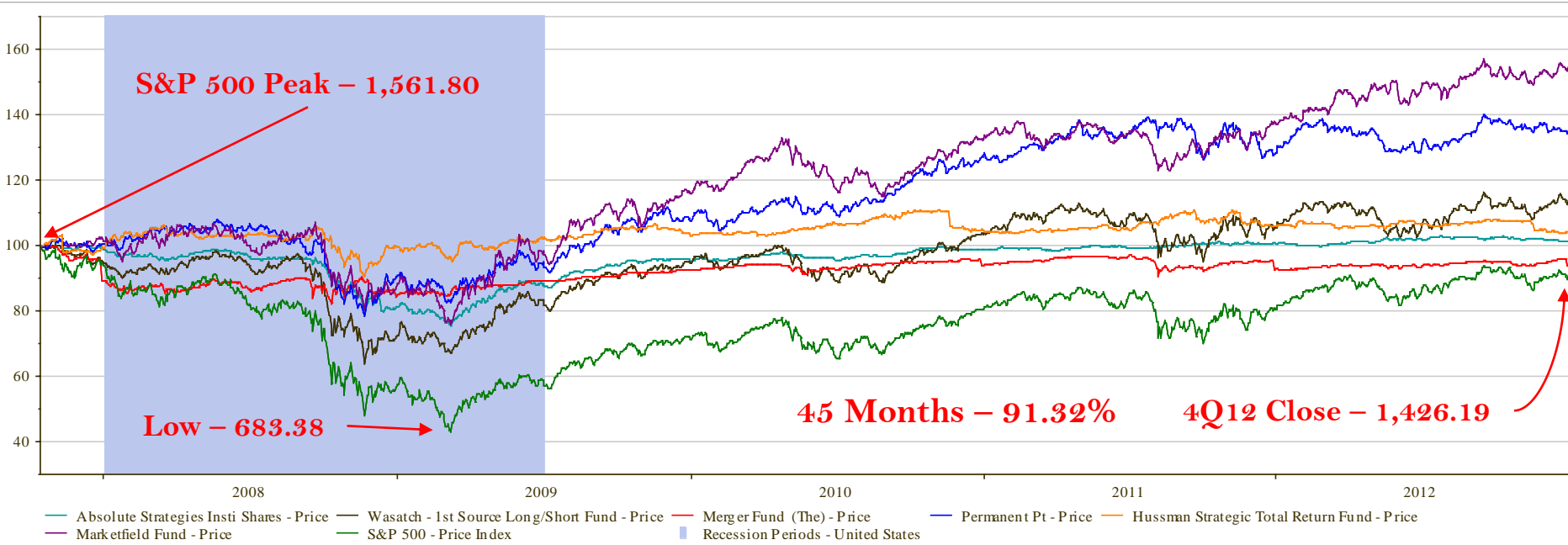
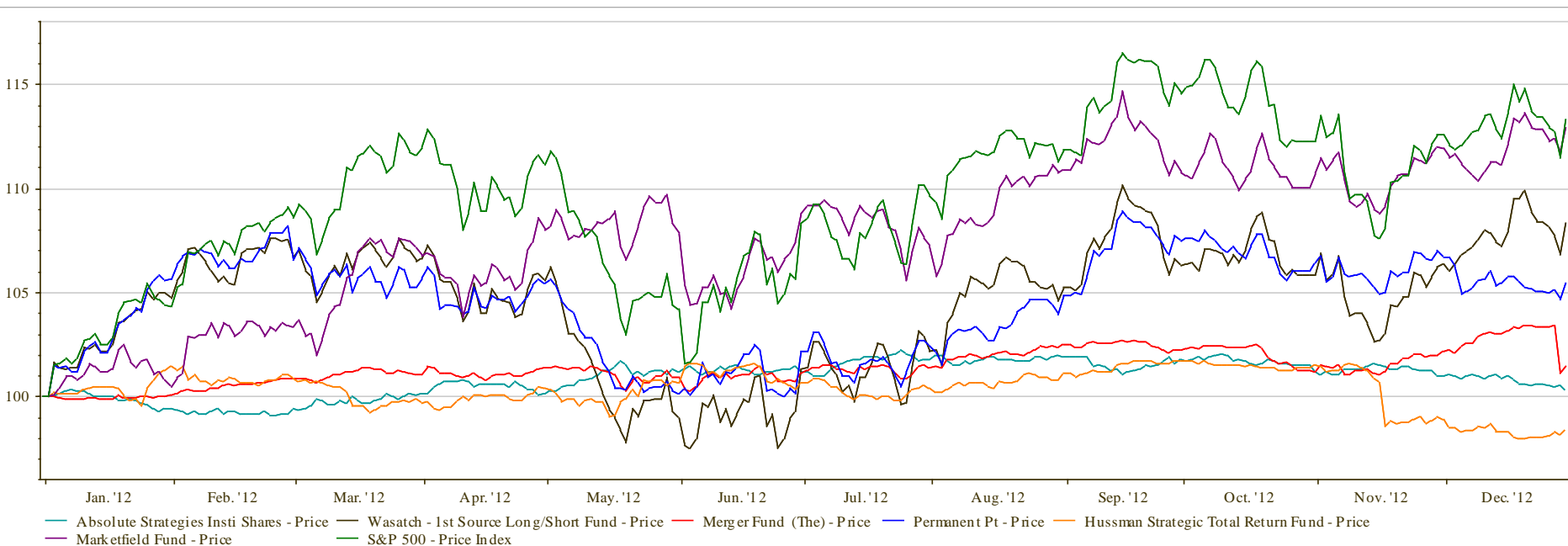
Volatility – VIX Down 23% in 2012

Volatility Suspiciously Low



**Approaching
Complacency**

Hybrids – Insurance Sacrifices Outperformance



S&P 500 Flat

0% to +10%

Negative
(-5% to 0%)

- ✓ Underweight Low-Quality
- ✓ Underweight Beta
- ✓ Overweight Large Cap
- Defensives
- ✓ Overweight Dividend Growth
- ✓ Lowering International Exposure
- ✓ Overweight Hybrids

- ✓ Treasuries
- ✓ Large Cap, High-Quality
- ✓ Cash
- ✓ Hybrids

- Housing Recovery Stalls
- Debt Ceiling
- Unemployment Remains High

Positive
(10% to 15%)

- ✓ Underweight Treasuries
- ✓ Add back to Small Cap
- ✓ Slight Increase in Commodity & Energy Exposure
- ✓ High Quality Industrials
- ✓ Overweight Technology

- ✓ Small Caps Rally
- ✓ Commodities Rise
- ✓ Inflation Becomes a Concern
- ✓ Emerging Markets Rally

- Unemployment trends below 7%
- QE3
- GDP accelerates to 4%
- Emerging Markets rebound

Cautiously Optimistic



Daniele M. Donahoe, CFA

President & Chief Investment Officer

Daniele Donahoe came to our firm in May 2010 from Columbia Management Group, previously owned by Bank of America, where as a Senior Portfolio Manager she co-managed the Columbia Small Cap Growth II fund. Prior to Columbia Management, Daniele served as an Associate Analyst on an Institutional Investor Magazine Ranked Equity Research Team following the Enterprise Software Industry at Salomon Smith Barney (Citigroup) in New York. She has also served as an associate at Thomas Weisel Partners in San Francisco, CA and J.C. Bradford in Nashville, TN.

Throughout her career in equity research, she has co-authored industry publications such as B2B eCommerce: A Vertical and Horizontal Perspective and E2E Commerce: How the Internet Redefines Enterprise Software. Daniele is a CFA charterholder and a graduate of the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill. In 2011, she passed Level I of the CAIA. Daniele was awarded the Charlotte Business Journal's Women in Business and 40 Under 40 Awards and serves on the Board of the NC CFA Society. She is a member of the Women's Impact Fund and the Women Executives (WE).

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We would like to thank you all for joining and participating in our Quarterly Economic Overview Webinar today. We really appreciate your time and hope that you found it both interesting and informative.

If you have any further questions or would like any additional information regarding what we covered in today's presentation, please contact your Financial Advisor.

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