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MARCH 2013

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Market Update

(all values as of Feb 28, 2013)

Stock Indices:

Dow Jones	14,050
S&P 500	1,514
Nasdaq	3,160

Bond Sector Yields:

2 Yr Treasury	0.25%
10 Yr Treasury	1.89%
10 Yr Municipal	1.88%
High Yield	5.99%

YTD Market Returns:

Dow Jones	7.3%
S&P 500	6.2%
Nasdaq	4.7%
MSCI-EAFE	3.9%
MSCI-Europe	2.5%
MSCI-Pacific	6.6%
MSCI-Japan	6.4%

Commodity Prices:

Gold	1,577
Silver	28.39
Oil (WTI)	92.05

Currencies:

Dollar / Euro	1.30
Dollar / Pound	1.51
Yen / Dollar	91.82
Dollar / Canadian	.97

2013 State of the Markets Event

We want to thank all of our valued clients and guests who made our State of the Markets event a huge success! At this event, the Align team reviewed 2012 and discussed strategies to make the most of 2013 and beyond. The event was held at Oak Tree Country Club on February 15th, 2013. **Please stay tuned for details on our annual Half Time Report which is held each July.**

"I can't recall ever once having seen the name of a market timer on Forbes' annual list of the richest people in the world. If it were truly possible to predict corrections, you'd think somebody would have made billions by doing it."

Peter Lynch, Famed Investor

THERE IS OVER $1.1 TRILLION OF CASH HELD BY NON-FINANCIAL COMPANIES

Current Environment - Macro Overview

With the sequester now in effect, the markets will closely watch economic data over the next few weeks to determine what affects the cuts will have on the overall economy.

The Congressional Budget Office (CBO) projects a loss of roughly 750,000 jobs nationwide. It also estimates that the federal deficit will fall to $845 billion, down from $1.089 trillion in 2012, breaking a four-year run of trillion dollar deficits.

Another deadline to watch for, March 27th, when a Continuing Resolution (CR) authorizing government outlays of over $1 trillion expires. Without a Continuing Resolution approved by Congress, the country could face a government shutdown in addition to the existing sequestration cuts.

Concerns in Europe resurfaced as a pivotal election in Italy threatened to derail austerity measures being put into place across Europe. Markets expressed concerns as anti-austerity sentiment may spread to other European countries, thus compromising austerity measures put into place to alleviate the euro debt issues.

M&A (mergers & acquisition) activity is at its highest level since 2005, with mega deals such as Dell and H.J.Heinz going private.

The most recent trade deficit report narrowed to $38.5 billion for December 2012, the lowest in nearly three years, driven by higher oil exports and lower imports.

The Department of Commerce reported that orders for U.S. durable goods climbed in January by the most in a year, indicating business investment is steady.

Fed chairman Bernanke testified the last week of February before the House Financial Services Committee and said “The fact that interest rates have gone up a bit is actually indicative of a stronger economy.” Bernanke went on to say that stimulus will continue with the Fed’s bond buying programs.

There is over $1.1 trillion of cash and short-term investments currently held by non-financial companies in the S&P 500. Cash makes up 14% of corporate assets today, double from where it was 20 years ago.

Sources: Fed, Commerce Dept., CBO, S&P

“The fact that interest rates have gone up a bit is actually indicative of a stronger economy”.

Fed Chairman Ben Bernanke Before The House Financial Services Committee

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New Home Sales Are At The Highest Annual Pace In Four Years

Fixed Income Review - U.S.Bond Markets

In testimony to Senate committees this past month, Federal Reserve Chairman Bernanke said the Fed may decide to hold bonds on its $3.1 trillion balance sheet to maturity, as part of a revised strategy. The concern by various Fed members over the course of the quantitative easing programs (QEs) has been how best to eventually sell bonds held on the Fed balance sheet.

Under that plan, the Fed would cease reinvesting some or all principal payments from its holdings, revise its interest- rate outlook, raise the federal funds rate and then start selling housing debt to eliminate it from the central bank's portfolio in three to five years.

The Fed is currently purchasing $85 billion of Treasury and mortgage- backed securities a month, in an effort to spur the economy and to help reduce the unemployment rate.

The Fed's record $3.1 trillion balance sheet includes $1.74 trillion of Treasuries, $1.03 trillion of mortgage-backed securities and $74.6 billion of Federal agency debt, as of February 20th. In 2007, prior to the financial crisis, the total balance sheet was less than $900 billion.

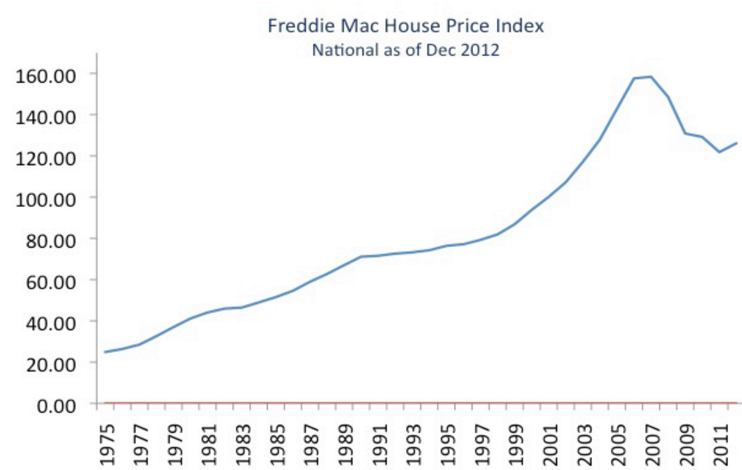
Bernanke also said the central bank's easing policies are helping to improve demand for homes and cars by lowering long- term interest rates.

The U.S. Treasury announced plans to offer floating rate notes within the next year or so, which would be the first new type of Treasury security in 15 years. A benchmark has not been decided upon in order to set the rates. The Treasury is anticipating a rising rate environment, where floating rate instruments are popular.

Sources: Federal Reserve, U.S. Treasury

Housing Market - Market Fact

As the housing market starts to recover, home values have stabilized throughout most of the country, with some regions increasing more than others. Contributing to the increases are the record low borrowing costs as well as some employment gains fueling demand. With foreclosures easing, and with fewer inventories available, demand continues to elevate prices, along with increasing consumer confidence driven higher by enhanced net worths.



Each quarter, Freddie Mac releases housing price data from throughout the country. The data is compiled on a monthly basis and released quarterly as the Freddie Mac House Price Index. The most recent data for the quarter ending December 2012 revealed that home prices across the country had risen 6.4% from December 2011.

A separate report showed residential property values climbed 0.6 percent in December from the prior month, according to data from the Federal Housing Finance Agency. They were up 5.5 percent in the fourth quarter from the same time a year earlier.

Additionally, the Commerce Department released data on February 26th, showing new home sales increasing 29% in January from a year earlier, to the highest annual sales pace in four years.

Sources: Freddie Mac, FHFA, Commerce Dept.

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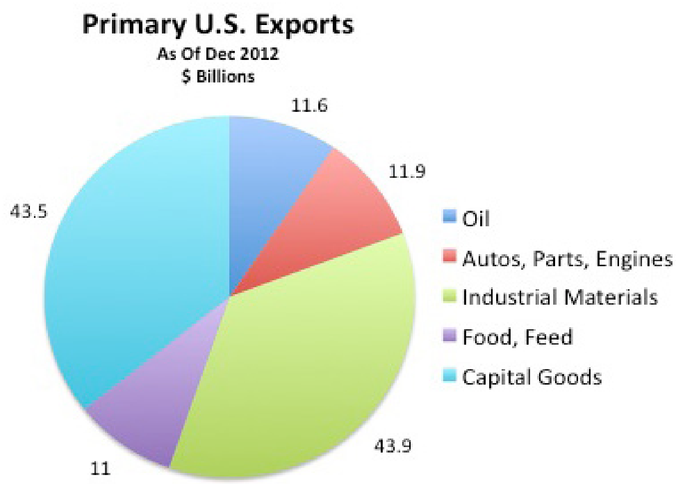
U.S. Oil Exports Increased $11.6 Billion From The Previous Period

U.S. Oil Exports Help Reduce Trade Deficit - Commodities

Record petroleum exports helped shrink the U.S. trade deficit in December to the smallest in almost three years. The trade deficit narrowed to $38.5 billion, with exports rising to $186.4 billion, and imports falling to $224.9 billion.

Petroleum exports, a growing component of U.S. exports, climbed $11.6 billion from the previous period as reported by the Department of Commerce.



Other U.S. products bound for exportation worldwide include capital equipment and industrial materials. Capital equipment includes aircraft, electronics, and agricultural equipment. Industrial materials include coal, wood, textiles, and chemicals.

The U.S. is not only a provider of finished goods and products, but is also a supplier of raw materials used for construction and infrastructure by growing economies worldwide.

Source: Commerce Department

At Align Wealth Management

We know that strong client relationships are born out of exceptional efforts based on an accurate understanding of our clients' needs and objectives. We provide customized solutions and wealth management services to a discerning clientele. Once you become a client, your goals become our goals. Working with us is like having your own personal CFO.
As a fee-only firm, our wealth management services are rendered on a commission free basis. This means that you never have to worry about conflicts of interest based on a third party agenda.

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