



**MANAGED ASSET PORTFOLIOS**  
**MANAGED ASSET PORTFOLIOS WINS AWARDS**

For the third quarter of 2011, Managed Asset Portfolios was named to Informa Investment Solutions’ (ISS) PSN Top Guns 6-Star list, for its Balanced Composite. The 6-Star designation is the highest ranking given by IIS, recognizing the top 10 firms relative to their peer group over a certain time period. ISS tracks the performance of investment advisors throughout the country and during the third quarter of 2011, the peer group contained 245 products.



MAP has previously been awarded Top Gun status for our Capital Appreciation and U.S. Multi-Cap value Composites for the five (5) year period ending March 31, 2009.

Additionally, for the year ended December 31, 2011, our Balanced Composite has been awarded a 5 Star rating (the highest) from Morning Star for 3, 5, and 10 years and on an overall basis. This rating is a quantitative assessment of past performance –both return and risk—as measured from 1 to 5 stars. In light of the volatility in the markets over the past 5 years, we are very proud of these ratings and awards.



For more information, please contact your MAP representative.

**Fourth Quarter 2011**

Index	Simple Return	With Dividends Reinvested
Dow Jones Industrials	12.2329 %	15.9236 %
S & P 500	8.9835 %	11.7154 %
MSCI (ACWI)	- 3.1918 %	- .1010 %
Nasdaq Composite	8.8385 %	10.2534 %

**Year to Date 2011**

Index	Simple Return	With Dividends Reinvested
Dow Jones Industrials	5.5284 %	8.3820 %
S & P 500	- .0032 %	2.1116 %
MSCI (ACWI)	- 9.4151 %	- 6.8657 %
Nasdaq Composite	- 1.7988 %	- .7889 %

In a year marked by extreme stock market volatility, the major U.S. stock indices, ironically, finished 2011 virtually where they began the year. The Dow Jones Industrials topped the major U.S. averages as investors gravitated toward large steady companies and shunned smaller, more aggressive ones. Accordingly, the NASDAQ Composite fell 1.8% and the S&P 500, in a statistical oddity, finished virtually unchanged (factoring in dividends, the S&P 500 tacked on 2.1%).

Despite the lackluster showing last year, the U.S. stock markets were among the world’s best. Indian stocks lost 25% and Chinese stocks fell 22%. Stocks fell 17% in Japan and Singapore. Commodities

posted mixed results. Gold advanced 10%, marking its 11<sup>th</sup> consecutive annual advance as investors sought a safe haven from the world's geopolitical and macro economic woes. Despite 2011's gains, gold still finished nearly 20% off its September peak. Mounting tensions in the Middle East helped to push crude oil prices higher by 8.2%. Other commodities, such as silver, platinum and palladium, which are more industrial in nature, posted double digit percentage losses as the global economic slowdown took its toll.

Our economic views really have not changed over the past year. The global economy is suffering due to an excessive amount of debt in the system—both consumer and governmental. Unfortunately, there are no quick fixes for this ailment. While we do not foresee another recession around the corner, we do believe the global economy will be sluggish for an extended period. This, despite, continued low interest rates, and the government likely to engage in another round of Quantitative Easing (QE3). Before mid-year we believe the Fed will likely begin buying mortgages in an attempt to help the ailing real estate market.

Despite our less than rosy economic outlook, our stock market views are more optimistic. Borrowing a term, we have used in the past, "stocks remain the best house in a bad neighborhood". The other major asset classes (cash, bonds, and real estate) do not appear attractive. Yields on cash and cash equivalents are next to nothing, 10-year and 30-year U.S. Treasuries yield about 2% and 3%, respectively, and real estate continues to suffer from too much supply relative to demand.

Stock prices, on the other hand, appear to be adequately discounting many of the world's economic woes. U.S. stocks are trading at their lowest valuation levels in over two decades. The S&P 500 is currently trading below its historical average price/earnings (P/E) and price/book (P/B) ratios. At the beginning of 2012, the P/E for the S&P 500 was 13, its lowest level in over 20 years, and below the 80-year average of 15. Its P/B ratio started the year at 2.05, which is below its 40-year average of 2.42. The dividend yield on the S&P 500 stands at 2.1% versus 1.95% for the ten-year Treasury. This marks only the second time since the 1930's that dividend yields have outpaced bond yields. While we do not forecast a banner year for equities, we do believe it will be a respectable year, with equities outpacing other asset classes.

We are truly appreciative of the trust and confidence you place in us as your investment advisor. Rest assured this is not a responsibility we take lightly. We work diligently and ethically, everyday, to best serve our clients. Given the complexities and volatility of the markets today, more investors are in need of professional investment management. If you have a relative or friend who needs an investment manager, we would truly appreciate a referral, and as a token of our appreciation, we will send you a gift certificate for a nice dinner.

Lastly, we wish all of our clients and their families, a very happy, healthy, and prosperous New Year!

Sincerely,



Michael S. Dzialo

*As a reminder, MAP offers a quarterly webinar for clients as a means to provide additional insights into current market thoughts. The next session will be available via our website ([www.managedassetportfolios.com](http://www.managedassetportfolios.com)) anytime after 12:00 noon eastern, on Thursday, February 9<sup>th</sup>, 2012.*

*Managed Asset Portfolios complies with the Global Investment Performance Standards (GIPS). Past performance is not indicative of future results and there is a possibility of loss.*