

## Book Recommendation

### ***'Unbroken, a World War II Story of Survival, Resilience, and Redemption'***

Author Laura Hillenbrand, the best selling author of 'Seabiscuit' brings us 'Unbroken', another bestselling true story. Unbroken is an inspiring story of a man who lived through a series of catastrophes almost too incredible to believe.

Hillenbrand shares the story of Louis Zamperini—a juvenile delinquent who turns into an Olympic runner and World War II hero. In 1943, during a routine search mission over the Pacific, Zamperini's plane crashes in the ocean and what happens to him over the next three years of his life is a story that will keep you glued to the pages.

The story of Louie Zamperini is an amazing narrative of daring, defiance and the persistence of a man who refused to be broken. Enjoy!

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Carl P. Sherr & Co., LLC  
Investment Management Services

## Review for the 2nd Quarter 2011 & Future Outlook





### **1. No hits, no runs and no errors**

A popular phrase in baseball signaling no change from the previous inning is called ‘no hits, no runs and no errors’. For the Dow Jones Industrial Average, this means the 2nd quarter saw a meager gain of 94 points—or up 0.80%. This still makes four consecutive quarterly gains for the Dow Jones and eight gains out of the past nine quarters.

### **2. Sentiment changes result in big swings**

In early May, the Dow Jones hit a three-year closing high on the heels of strong earnings and the killing of Bin Laden. By the end of May, sentiment swung negative due to concerns about an economic slowdown and the end of the Federal Reserve bond buying program—commonly called QE2. Concerns about the economy caused crude oil prices to slide 16% to finish at \$94.42 a barrel—which effectively lowered gas prices for consumers.

### **3. Gentlemen prefer ‘bonds’**

In the 1953 movie classic ‘Gentlemen Prefer Blonds’, Marilyn Monroe and Jane Russell starred in the title roles as the ‘blond’ and the ‘brunette’. In 2011, mutual fund investors have thus far preferred bonds over stocks. According to the Investment Company Institute, bond funds have taken in \$63 billion so far this year—far outpacing stock funds.

### **4. The Federal Reserve ends a controversial program**

It will take some time to analyze the effectiveness of the quantitative easing program (QE2)—the bond buying program managed by the Federal Reserve. One question for investors is whether the U.S. economy can stand up without the support of the program. We don’t think markets are too worried because the Dow Jones gained about 4% in the final week of June, just as the program was winding down.

### **5. Deficits and debt ceilings**

As of this writing, leaders in Washington DC are grappling with the national debt limit. We thought it would be useful to point out that the debt ceiling goes back to a 1917 law passed by congress called the Second Liberty Bond Act. Before this law, congress had to approve each debt issuance separately. The Second Liberty Bond Act gave the U.S. Treasury some leeway to manage the finances of the government and issue debt—as long as it did not exceed a pre-determined ‘ceiling’.

### **6. Interest rates and world events**

As the crisis in Europe and the debt situation in Greece drag on, we think a rush to safety will continue to benefit U.S. bonds—especially short term government debt. We think, in the near term, that rates will stay low as long as the U.S. economy remains sluggish and Europe is unstable.

### **7. Tech talk – IPO’s are hot again**

Internet initial public offerings are seeing activity again. According to Dealogic (a provider of investment banking services), US traded IPO’s raised \$4.8 billion in the 2nd quarter—the highest amount since the fall of 2000. Looking ahead, more big-name companies have filed for an IPO—or are preparing to file such as Groupon, Facebook and the videogame company Zynga Game Networks.

### **8. Brazil and China stumble**

Global hot spots such as the Japanese earthquake, tsunami and nuclear meltdown along with the Greek debt crisis impacted Latin America’s biggest economy. The commodity-heavy Brazil Ibovespa index fell 9% in the quarter. In China, investors were concerned about the prospect of slower growth along with tighter monetary policy. This resulted in declines in the Shanghai Composite Index and the Hong Kong Hang Seng Index—down 5.7% and 4.8% respectively.

### ***Did you know?***

Ed Sherr successfully completed the 2011 Boston Marathon in four hours and twenty minutes and he was a top fundraiser for LLS Team in Training (Leukemia & Lymphoma Society).

Jennifer Simes received a special recognition award by the Massachusetts National Guard for her volunteer work as a financial counselor in the Joint Family Support Assistance Program.