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Julia Eastman
848 North 2350 West
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Dear Ms. Eastman:

We have enjoyed managing your stock portfolio over the last eight weeks. As requested, on Friday, January 28, 2011, we sold your stock. You will be pleased to know that your portfolio increased by a total of \$804. The following points will be covered in this review of your stock portfolio.

- Purchase and selling values and profit or loss
- Explanation of the DJIA
- Portfolio performance compared to the DJIA

Purchase and Selling Values and Profit or Loss

Largely, your stock investments performed well. An increase is reflected in four of the eight companies, and overall the profit from your stock performance is greater than the losses. The four companies that lost value include Ford, Walmart, Merk, and Microsoft. The four companies that gained value include Tiffany & Co., Schlumberger, United Health, and IBM; with IBM showing the greatest gain, totaling \$693 (see Figures 1 and 2).

Recent events in the news may contribute to the fluctuations in your stock performance. In the attached article, Andrew Adams of *The Deseret News* reports an incident that occurred at a Walmart in Layton, Utah. A gunman was disarmed by four Walmart employees, and afterward the four were fired from their jobs on grounds that their actions were a violation of company policy—a policy stating, “If...the suspect has a weapon or brandishes or threatens use of a weapon; all associates must disengage from the situation, withdraw to a safe position, and contact law enforcement” (“4 Layton Walmart Employees Fired After Disarming Gunman Caught Shoplifting,” February 9, 2011, p.1). The Walmart employees did not disengage and withdraw due to concern about allowing the armed man into the crowded store and beyond. The four felt betrayed, the public was outraged, and investors are wary due to the pending lawsuit.

Figure 1 - Purchase and Selling Values and Profit or Loss of Julia Eastman's Stock

Company	Purchase Value	Selling Value	Profit or Loss
Ford	\$1,795	\$1,436	(\$359)
Tiffany & Co.	5,783	6,319	536
Schlumberger	8,343	8,624	281
WalMart	5,573	5,259	(314)
United Health	4,041	4,359	318
Merk	3,390	3,273	(117)
Microsoft	2,802	2,568	(234)
IBM	15,550	16,243	693
Totals	\$47,277	\$48,081	\$804

Also, Ford was affected by the increase in gas prices. When gas prices rise, fewer car purchases are made. However, gas prices rise and fall recurrently. So, while Ford reflects the greatest loss in your stock portfolio, it is expected to rebound. In the meantime, Ford is prepared for the fluctuations. The owner of Ford, Alan Mulally states, "We thought this was going to happen. We didn't think it would happen as fast as it is, but we feel like we're positioned with the right product line now. We've got the best smaller and medium-size vehicles we have ever had" (Ken Thomas, "Ford CEO Says Company Can Handle High Gas Prices," March 10, 2011, p.1).

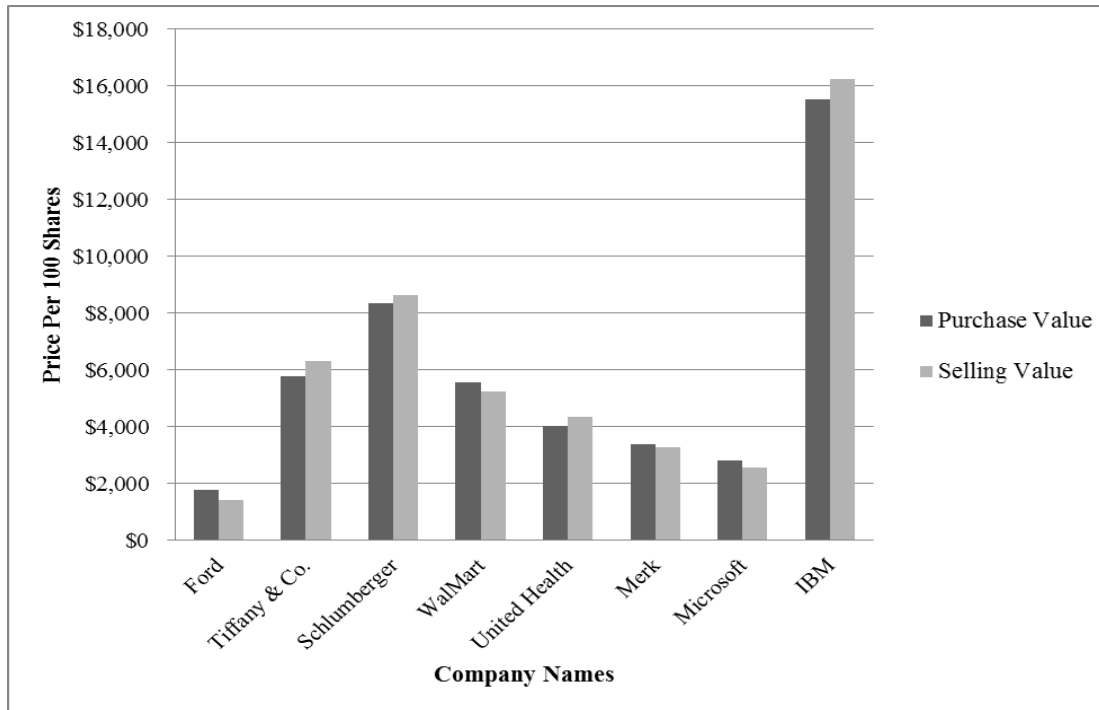
As you can see in Figure 2, IBM cost the most initially; however IBM also reflects the greatest gain. Keep in mind that when your stock portfolio was purchased, it was intended to be a long-term investment. This type of portfolio would have allowed for long-term growth in each company, maximizing profits and minimizing risk (see Figures 1 and 2).

Explanation of the DJIA

Because you can track your general stock portfolio through the Dow Jones Industrial Average, we will quickly explain what the Dow Jones Industrial Average is, what it measures, and how it works. The Dow Jones Industrial Average (DJIA) is an index used to gauge the performance of the overall economy. The index was first created in 1896 by Charles Dow and was originally comprised of only 12 "industrial" companies illustrating the focus of the economy. Industrial companies such as General Electric, American Sugar, and American Tobacco were a few of the original companies on the DJIA.

Today, because reliance on industrial companies has decreased and the overall economy has expanded, the DJIA consists of companies ranging from industrial companies to technological companies, and from financial institutions to retailers. The DJIA is a weighted average of the value of stock of the in the stocks of the 30 largest and most widely traded companies in the

Figure 2 – Comparison of the Purchase and Selling Values of Julia Eastman’s Stock



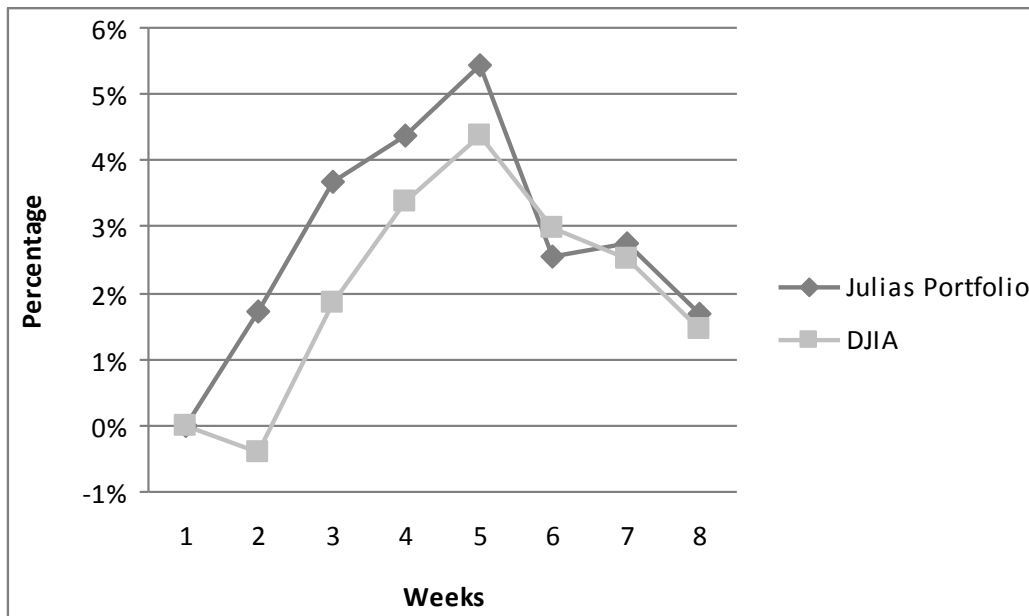
United States, including General Electric, Merck, Microsoft, and WalMart. The fact that the index is a weighted average means that the number is comparable with other time periods as well, but does not reflect the actual average dollar value of the 30 companies. The average is calculated by summing the price of all 30 stocks divided by the Dow Jones Divisor to compensate for stock splits and other adjustments.

The true value of the DJIA is in comparing the present value with the value at another time to determine if the overall market is increasing or decreasing in value. Although the index is comprised of only 30 companies out of thousands, the DJIA is the most widely recognized market index in the U.S. and is regularly reported by the popular media. The index stands today as an important asset to investors and can be used to track companies' stock values to help make financial decisions.

Portfolio Performance Compared to the DJIA

Your stock values consistently increased slightly above and in sync with the DJIA through Week 5, when your stock performance peaked. Week 2 reflects the biggest increase of approximately 2 percent. Ultimately, your stock values were consistently above the stock values of the DJIA. By and large, your stock values increased by 1.701 percent, compared to the 1.461 percent for the DJIA (see Figure 3).

Figure 3 – Comparison of the Change in Value of Julia Eastman’s Portfolio and the DJIA



As you can see, your stock investments performed well. Overall, your profits substantially outweighed your losses, and your stock values cashed-out with a net increase above that of the DJIA.

Bunnell Financial Associates has enjoyed managing your stock portfolio. We look forward to assisting you with your future investment needs.

Sincerely,

Taft Morley
Financial Analyst

Adam Swenson
Financial Analyst

Heidi Davis
Financial Analyst