Volume 8, Issue 1

First Quarter 2012

ARS Insights

ARS Wealth Advisors

Registered Investment Advisor

Index Returns

Fourth Quarter 2012

- S&P 500 11.8%
- Dow Jones Industrial 16.5%
- Russell 2000 15.5%
- EAFE (Int'l Index) 3.3%
- Barclays Cap Agg. Bond 1.1%
- DJ-UBS Commodity Index 0.3%
- DJ-Wilshire REIT Index

Economic depression cannot be cured by legislative action or executive pronouncement. Economic wounds must be healed by the action of the cells of the economic body - the producers and consumers themselves.
Herbert Hoover

A Better 2012 — Tony Anderson, President

As the calendar rolls into a new year, we are always prompted to review what occurred during the past year, as well as contemplate what to expect for the year ahead. Please take a moment to read Kurt's section, titled "2011 Year In Review" which does a good job of detailing what occurred in the markets during 2011.

Our outlook for 2012 is best summarized as "Cautiously Optimistic". While the politicians in Europe are continuing to work to find a solution to their debt crisis, as of today it is still unclear how the European crisis will be resolved and what the ultimate outcome will be. To what extent the European problems spill over into other large global economies (U.S., China, Brazil, etc.), is still to be determined. For this reason, we continue to remain cautious keeping an ever watchful eye on the news flowing out of Europe.

That being said, we have identified several reasons to be optimistic about the market's return for 2012. One reason for optimism is the improving economy. Each week as we hold our Investment Committee meetings and assess the current macroeconomic environment, it is hard to ignore the fact that the U.S. economy is continuing to grow and improve (albeit at a very slow rate) based on the data being reported.

Another reason for optimism in 2012 is the overall health of corporations in general. One thing we observed during 2011 which we expect to continue during 2012 is "the strong getting stronger (Apple, IBM, McDonald's) and the weak going away (Sears & Kodak)". Most companies today are operating at very high levels of productivity thanks to advancements in technology and have strong balance sheets with reduced debt and high cash reserves. We are focused on identifying those high quality companies that are in position to benefit from the current environment.

One of the values of working with ARS Wealth Advisors is our accessibility. While we strive

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2011 In Review — Kurt Ulrich, CFA

2011 was a most unusual year. In fact, during the third and fourth quarters alone there were more than a dozen market swings ranging from 5 percent to more than 20 percent. This panic-type activity was a result of issues related to US and European sovereign debt and had little to do with current US economic activity. Even though US debt was downgraded in early August the prices of US Treasury securities went up contrary to expectations by most investment professionals. The reason was liquidity. With European governments looking at potential defaults the US Treasury market appeared to be a "less-bad" alternative providing much needed liquidity to the markets. European bonds sold off while US bonds rallied driving the value of the Euro lower and the US dollar higher. Most Corporate bonds also suffered as money piled into US Treasuries even though balance sheets of many corporations appear stronger than our Government's.

With all of this extreme volatility the S&P 500's price was nearly unchanged for the year. However, prices for smaller US companies were down by over 4% on average. Foreign markets fared much worse with the EAFE index (a broad measure of non-US stock prices) was down over 12% and the Emerging Market index down over 18%. Needless to say it was a difficult year for most of the world's stock markets. Corporate and international bond prices were also volatile during the August-September time period adding to downward pressure on portfolios.

Fortunately, the US Economy continues to improve and potential opportunities abound. We are taking advantage of some of these opportunities as Tony discusses in his section. Thus far in 2012 prices are recovering in many assets and the trend appears sustainable barring an unforeseen geo-political event or an oil supply disruption in the Middle East.

Again, please don't ever hesitate to call to discuss your portfolio with one of our portfolio managers. We will continue to operate with integrity and do our best to manage our client's wealth as if it were our own.

Kurt Ulrich, CFA

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If you would like additional information about the services offered by ARS Wealth Advisors, please contact us at (727) 322-7681.

We're on the Web! www.arsinvestments.com

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to provide you with frequent communication of what we are thinking and doing, I know there will be times when you have questions. If you have a question or if you would like to schedule a meeting please contact us. We truly value our clients and never take for granted the trust they have placed in us.

All the best.

Tony Anderson

Update on Williams Companies (WMB) and WPX Energy

Many of our clients have held Williams Companies (WMB) for the past two years or so. A factor in our decision to purchase WMB was our expectation that WMB would restructure and unlock value in its shares. In 2011 WMB announced it would spin off its energy exploration and production division and that tax free spin off occurred on January 1, 2012. All the shareholders holding WMB on December 31, 2011 received one share of WPX Energy (WPX) for every three shares of WMB they owned.

WMB is now essentially a pipeline company that also owns a very valuable general partner interest in the Williams Partners MLP (WPZ). We believe WMB can further unlock value in its shares by monetizing the GP interest in WPZ. We will continue to hold WMB shares in many client accounts.

With respect to WPX, we also believe it is undervalued. On several measures of value, WPX is among the cheapest companies in the E&P industry. Currently WPX's production is heavily weighted to natural gas, however, by yearend liquids will account for 35% to 40% of its production. We are well aware of the weakness in natural gas prices due to huge breakthroughs in drilling technology and an unusually warm winter (so far). Natural gas is selling for $2.50/mcf which means companies drilling for natural gas will not make money doing so. For some perspective as to where natural gas prices are in relation to oil; if natural gas were priced at parity based only on energy content, it would sell for $16.00/mcf. For that reason we don't believe natural gas prices will stay at $2.50 for the long term.

Where does WPX stand relative to other E&P companies? WPX is considered a Mid Cap company in the E&P industry and is valued in the bottom 5% in terms of the value placed on proved reserves, possible reserves, daily production and cash flow. Another way to look at it:

- In 2001 WMB purchased Barrett Resources which became the backbone of what is now WPX. Since then WPX has tripled the production and reserves of what was Barrett.
- WPX also owns 70% of publicly traded APCO.

WPX is currently valued at what it paid for Barrett Resources ten years ago plus the value of its shares in APCO. In addition WPX has a $900 million investment in the Bakken area in North Dakota and a $900 million investment in the Marcellus area in Pennsylvania. These two investments are probably worth 50% more than their cost. Plus WPX has other assets. We think WPX is worth $30/share and believe WPX has the potential to dramatically increase in price over the next two years.

Drew Swenson

If you would like a copy of the most recent version of our Form ADV Part II, one is always available to you upon written request.