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Quarterly Newsletter

Greetings,

We're very pleased with the start of 2011 (as seen in the chart below) in the equity markets. This performance is consistent with data that goes back to 1939 and shows that we've yet to have negative returns in the Dow Jones in the 3rd year of a Presidential cycle – which we are currently in. The solid first-quarter returns in the equity markets haven't come without challenges and adversity. With the recent unrest in the Middle East and the unfortunate events in Japan, the equity markets have been extremely volatile, but have also been extremely resilient and last year's gains have clearly been extended into 2011. We feel that demand for equities could be a result of the improving fundamentals in the economy (i.e. - lower unemployment as of late and stronger corporate balance sheets) and that more investors are beginning to move from cash/fixed income into equities in order to possibly improve their overall returns. Our firm's concerns going forward are the relatively high rate of unemployment, the possibility of rising interest rates, the sluggish comeback of the housing market, and the effect that higher inflation might have on consumer purchasing power. All in all, we feel we are well-positioned going forward, but, as we've demonstrated in the past, if conditions change we won't hesitate to reposition our portfolios accordingly.

-Tyler Kocon

	<i>1/3/2011</i> *open price	<i>04/07/2011</i> *closing price	<i>Total Return</i>
MAJOR INDEXES			
Dow Jones Industrial Average	11,577.43	12,409.49	7.94%
S&P 500 Index	1,257.62	1,333.51	6.60%
NASDAQ Composite	2,676.65	2,796.14	5.40%
Russell 2000	793.54	849.44	8.72%
OTHER INDEXES			
MSCI EAFE Index	58.61	60.78	4.40%
Dow Jones U.S. Real Estate Index	56.29	58.89	6.13%
Barclays Aggregate Bond Index	105.40	104.76	0.15%
SPDR Gold Trust	138.67	142.51	2.73%

*All information in the above graph was obtained through Morningstar

Investment Outlook Summary

(Italics denote changes from last newsletter)

ASSET CLASS	OUTLOOK	OBSERVATIONS
Cash / Stable Value	<ul style="list-style-type: none"> - Maintaining normal levels of cash 	<p><i>With the recent volatility in the markets, we may look at using our cash position to capture any opportunities that present themselves.</i></p>
Bonds / Fixed Income	<ul style="list-style-type: none"> - Neutral on bonds - Cautious of U.S. Treasuries - Positive on short-term high-quality corporate debt - Positive on floating rate bonds - Positive on emerging market bonds 	<p>We expect volatility in the bond market over the next 6-12 months; however we are hesitant to decrease our exposure to bonds because they provide the greatest hedge to a volatile stock market. For example, when stock prices are falling, bond prices are usually rising.</p> <p>Currently we are at historic lows in interest rates. At some point in the future we believe the Fed will begin to raise rates to fight inflation which makes Treasuries even less attractive.</p> <p>The default risk associated with high-grade corporate debt is low at this time. Short-term corporate debt is also less prone to interest rate risk than Treasuries.</p> <p>Because of their short maturity dates, their yields can adjust more quickly in a rising interest rate environment.</p> <p>As emerging markets strengthen, their bonds become more attractive and are hedged against the U.S. Dollar as well.</p>
Stocks / Equities	<ul style="list-style-type: none"> - Cautiously optimistic on stocks in 2011 - Positive on dividend-paying stocks - Positive on Consumer Staples - Positive on Infrastructure-related stocks - Negative on alternative energy - Real estate stocks show opportunities - International stocks show value 	<p><i>We are keeping a close eye on inflation and oil prices as they could have a negative effect on consumer purchasing power. In contrast, per the 2011 Stock Trader's Almanac, there hasn't been a down year in the 3rd year of a presidential term since 1939. 2011 represents the 3rd year of a presidential term.</i></p> <p>As the market continues to trade sideways, high-quality dividend-paying stocks present opportunities to get paid while we wait for the market to fully recover.</p> <p>Consumer Staples tend to be fairly more recession resistant than other equities. Regardless of current economic conditions, people still make purchases from Consumer Staple companies in order to take care of their basic needs.</p> <p><i>With the recent volatility in Japan, we feel that infrastructure repair and replacement is going to be a high priority going forward.</i></p> <p>Because of international and domestic alternative energy tax credits falling-off in 2011, we are currently negative on this area of the market.</p> <p>We feel there are long-term opportunities because of the recent commercial and residential real estate bubbles.</p> <p>International stocks are a good long-term hedge against the U.S. Dollar and the stock market. <i>In light of recent events in Japan, we are being very selective in this area.</i></p>
Alternate	<ul style="list-style-type: none"> - Neutral on foreign currencies - Positive on energy trusts - Positive on oil - Positive on natural gas - Positive on Gold 	<p><i>Due to unrest in the Middle East, the recent events in Japan, and record high government debt worldwide, all clients that had direct exposure to foreign currencies have had their position substituted with gold</i></p> <p>Because of the high dividends energy trusts tend to pay, they are a good way to help alleviate some of the stock market's volatility.</p> <p>As the global economy rebounds, and the demand for autos in emerging markets increases, we feel that the demand for oil will continue to rise. Oil is also a hedge against a falling U.S. dollar. <i>The unrest in the Middle East also adds to our positive outlook on oil.</i></p> <p>It's an energy source that is highly abundant in the U.S. and can be looked at as a way to help decrease our dependence on Middle Eastern oil. <i>Bill H.R.1380 was introduced on April 8th, 2011.</i></p> <p><i>Near term we are positive on gold due to Middle East turmoil and inflation fears and large worldwide government debt.</i></p>

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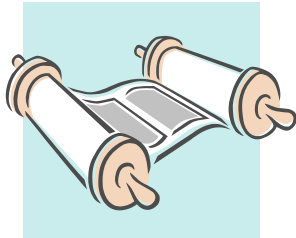
ESTATE PLANNING FOR LIFE – NOT JUST FOR DEATH

In my estate-planning legal practice I often find that clients immediately want to discuss what will happen to their estate upon death. However, before we get into wills, trusts, estate taxes and all that other “fun stuff”, I first like to see clients focus on *lifetime* issues. An estate planning discussion should not just be about “What happens when I die?” but also “What happens during my lifetime if I need help or become incapacitated?”



Two major lifetime issues I discuss with clients are powers of attorney and nursing homes. Ignoring these issues can have a significant impact on one’s estate.

A power of attorney is a standard and relatively simple document; however, power of attorney documents often play an integral role in one’s estate plan. A power of attorney is when one person (called the principle) grants another person (called the attorney-in-fact) the power to act on behalf of the principle for either financial or health-care matters. Although there is broad discretion for the principle in drafting the power of attorney to include any number of clauses, most of my clients use the standard forms known as the Statutory Short Form Power of Attorney (financial matters) and the Health Care Directive (health-care matters). Having a power of attorney in place becomes crucial if one becomes incapacitated. However, it is critical to have a power of attorney in place before incapacity arises. Too often, when a family member needs the power of attorney to act on behalf of a loved one, it is too late since the loved one may already



be incapacitated without the ability to execute a power of attorney. Without a power of attorney and upon one’s incapacity, it may be necessary to involve the courts and establish a guardianship or conservatorship.

These proceedings can be seen as expensive, time consuming and unnecessary. Having a power of attorney in place often avoids the need for court involvement to establish a guardianship or conservatorship. However, before executing power of attorney documents it is important to review their implications with an attorney who is experienced in estate planning.

Another issue that can have great impact on one’s estate during lifetime is when an individual needs long-term medical care (i.e. nursing home). The costs of nursing home care have risen significantly over the past several decades. Too often clients feel that they have no financial options or get poor advice from a friend, family member or even our county social workers. When sitting down with clients to discuss the impact of nursing home costs on one’s estate, we strongly encourage our clients to investigate whether purchasing a long-term care policy would be a good fit for their estate. However, even if a long-term care policy is not a good fit for one’s estate, please be aware you still have planning options when it comes to the nursing home. We have seen clients save *hundreds of thousands of dollars* by utilizing simple asset preservation techniques. However, unfortunately, I have also seen clients lose the opportunity to preserve *hundreds of thousands of dollars* by not asking whether or not there were any planning options available to them. For purposes of this article, the planning options available to individuals and married couples are too extensive and complex. However, please remember the following with regards to planning for the nursing home:



1. Take a look at long term care insurance;
2. Even if a person is already receiving long term care, it is not too late to implement planning options; and
3. As soon as you are concerned that a loved may need of long term care (or is already receiving long term care), contact an experienced attorney who specializes in estate and nursing home planning.
4. **DO NOT** rely on the advice of friends, family members or county social workers.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The **S & P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite** is a computerized system that facilitates trading and provides price quotations on more than 5,000 of the more actively traded over the counter stocks.

The **Russell 2000** index is an index measuring the performance of the 2,000 smallest companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small cap stocks in the United States.

The **MSCI EAFE Index** is an index created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia. This international index has been in existence for more than 30 years.

The **iShares Dow Jones U.S. Real Estate Index** seeks investment results that correspond generally to the price and yield performance of the Dow Jones U.S. Real Estate Index. The fund invests at least 90% of assets in securities of the underlying index and in depositary receipts representing securities of the index. The underlying index measures the performance of the real estate sector of the U.S. equity market. It includes companies in the following industry groups: real estate holding and development and real estate investment trusts ("REITs").

The **Barclays Capital Aggregate Bond Index** is a *market capitalization-weighted* index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in the U.S.

SPDR Gold Shares (also known as **SPDR Gold Trust**) is the largest gold exchange-traded product and second-largest exchange-traded fund in the world by market capitalization. This ETF denotes a share of gold bullion. SPDR Gold Shares are designed to track the price of a tenth of an ounce of gold. If the share price differs from the gold market price, the fund's manager exchanges blocks of 100,000 shares for 10,000 ounces of gold. The possibility of such exchanges keeps the ETF price roughly in line with the gold price, although the prices can diverge during each day. As of October 30, 2010, the trust had 41,574,486 ounces of gold in its custody, representing an asset value of \$55,972,246,241. SPDR Gold Shares is one of the top ten largest holders of gold in the world, behind France and ahead of China.

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's holdings, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted.