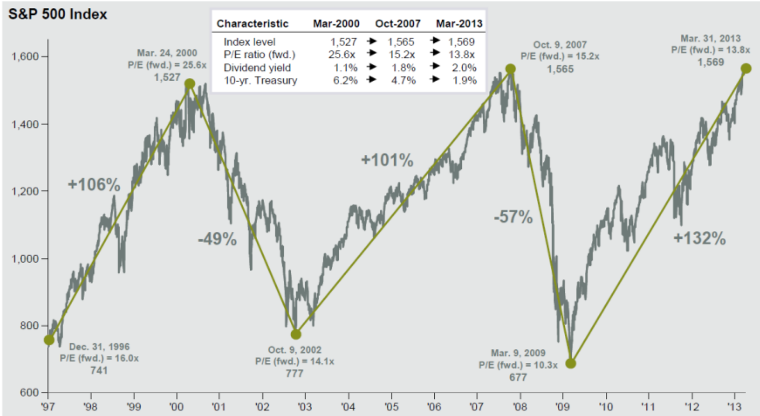
The first quarter confirmed the slow but continuing expansion of a recovering US economy while new international concerns have ignited. Each major US index has now surpassed prior highs set in late 2007, with the S&P 500 reaching its high in late March. Many analysts and managers have noted these accomplishments as a technical signal to end the secular bear market which has persisted for the past 13 years:

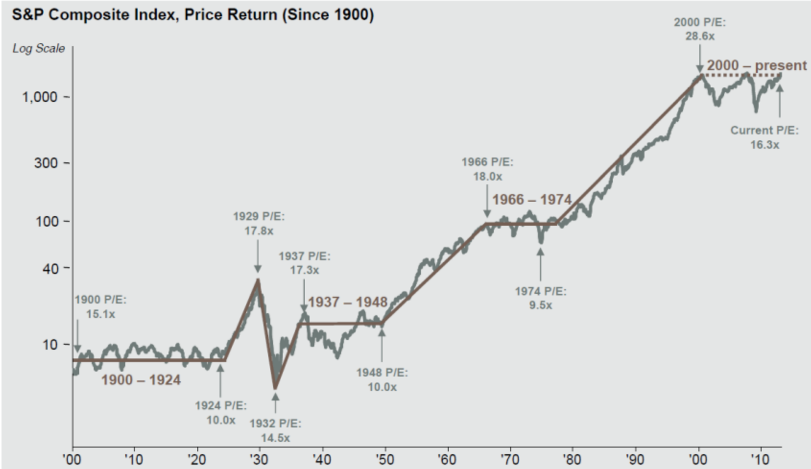
	1st Quarter 2013
S & P 500 Total Return Index	10.6%
MSCI Developed EAFE	4.4%
Barclay's Cap Aggregate Bond	-0.1%

While the S&P delivered the best first quarter since 1998 (http://www.wmtw.com/news/money/What-a-quarter-Dow-and-S-P-at-record-highs/-/8791814/19503426/-/8h2hq3/-/index.html) it is interesting to note that the aggregate bond index delivered its first quarterly loss to investors since 2006. While one quarter slightly below break-even does not a trend make, we continue to exercise caution in the construction of our bond portfolios, and strive to avoid "reaching for yield" in an environment where talk of a "bond bubble" is now commonplace.



With equity results this strong, it's easy to become a tad overconfident in our abilities as investment managers as we are experiencing a "Rising Tide Raises all Boats" environment. Indeed, many are now becoming concerned that perhaps the market run has made stocks too expensive. In looking at the numbers, it is easy to see why some may feel that way:

Over the past 16 years, the S&P has seemed to developed a clear pattern of battling to the 1,600 level, then collapsing dramatically, almost as if on schedule. Using this time frame, Stock investments look dangerous. However, if we evaluate our current position in the context of the longer term, we get a completely different picture:



While continued geo-political headwinds face our markets and our economy, our market barometer continues to indicate strength for US equities. Further, mutual fund flows continue to favor bond funds over stocks despite the disparity in performance, a trend which may reverse in favor of the stock market if bond declines continue.

As always, we will continue to monitor market developments and recommend the changes we feel are aligned with your goals and objectives. Enjoy the Spring!

Plan Wisely-Invest With Confidence-Live Well