



Global Tactical Asset Allocation – Q1 2011
(Mutual fund investment strategy)

Back to the Fully Invested GTAA Model – Accounts following a more Moderate strategy have only a 60% Equity Exposure

For the first quarter, most of our fully invested GTAA accounts were up more than +5% and slightly ahead of the S&P 500. Accounts following our more “moderate” investment strategy (60% equity; 40% income producing investments) came in around the +3.5% --4.5% level, We began the quarter trailing the S & P 500 by about 2%. Much of the underperformance was directly attributable to our gold mining investments which represent about 10% of our equity exposure. As the quarter progressed, our other investments outperformed the S & P 500 by enough to make up for the shortfall in our gold mining investments. At present we remain committed to some gold exposure as an insurance policy against political and economic uncertainty as well as gold beginning to gain the status of another global currency.

As we enter Q2, 2011, we remain over-weighted in the Energy and Industrial sectors as well as over-weighted in small & mid cap stocks. We have no investments in financials, real estate, or any foreign investments, but we are now taking a closer look at the emerging markets once again. For accounts committed to our more “Moderate” investment strategy, we favor high yield bonds, floating rate bonds, MLP's and we are beginning to look at REIT's, utilities and foreign bonds funds.

We want to thank you for your confidence in allowing us to manage your investment assets and welcome any questions you may have.

Sincerely,

A handwritten signature in blue ink that reads "Rudy Polanski".

Rudy Polanski
Senior Portfolio Manager

A handwritten signature in blue ink that reads "Ted Strathdee".

Ted Strathdee
Portfolio Manager

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