



Dear Client:

April 4, 2011

2011 1st Quarter Recap

The first quarter brought some unexpected market-moving events. The Middle-East, North Africa, and Japan all contributed to market volatility and caused many to question the strength of the U.S economic recovery. This uncertainty caused the S&P 500 index (SPX) to decline more than 6% from mid-February to mid-March. As investors stopped buying U.S. stocks as a result of panic, many missed capturing the S&P 500's best 1st quarter since 1998 with a 5.9% quarterly return. The Dow Jones Industrial Average reported a 6.4% return which was its best 1st quarter result since 1999. These strong returns were a result of soaring energy shares and a late March rally. As is often the case, sellers exited the market in panic just as U.S. stocks were stabilizing. Diversified U.S. stock funds gained an average of 6.6% on average for the quarter according to Morningstar.

The volatility that we saw mid-quarter is the perfect example as to why Locust Capital builds strategically diverse asset allocation models. Additionally, one of the most important criteria that we consider with our active manager selection is their performance during down markets. Our client portfolio's performed well during the quarter. This is largely due to the fact that our models are designed for the long term and we try to maintain our plans that are outlined in the Investment Policy Statements (IPS) even if there are events that cause short term volatility.

Tax Season

As tax season comes to an end, we stand ready to serve you for any last minute needs. While we do not offer tax advice, we are happy to assist by furnishing you with the appropriate information. We would also be happy to have a conversation with your CPA or tax preparer if that would be helpful.

Thank You

We are honored to be your fiduciary partner. We thank you for your business and your referrals. We look forward to speaking with you soon. Please don't hesitate to contact us should you have any questions or require any additional information.

Best Personal Regards,

Locust Capital Management, LLC