



Dear Client:

January 5, 2011

2010 4th Quarter Recap

The US Stock Market entered 2011 having closed on a very positive note in 2010. In the 4th Quarter, the equity markets grew by 20%, which is quite a relief considering the volatility in the global markets. High levels of sovereign debt in Europe created concern within the currency markets as well as the global investment community. As investors began to lose confidence in countries like Greece and Ireland, the EU and IMF agreed to bail them out through emergency financing. As Europe increased fiscal controls in 2010, The US Government supported the markets by passing additional stimulus measures. The Obama Administration made drastic changes in financial regulation while also enacting health-care reform. While it appears that the concept of a double dip recession has faded and the forecast of GDP approaches 4% for 2011 in the US, Locust Capital still feels that proceeding with caution is quite prudent.

You can see from the below chart that 2010 was volatile as far as the equity markets were concerned. One of our jobs at Locust Capital is to minimize our clients' exposure to this volatility. This is why we diversify and globalize our portfolios. Our clients' portfolios performed well during the 4th Quarter and 2010 fiscal year. Most of our managers are performing within our strict guidelines and continue to be aligned with our internal investment management criteria.



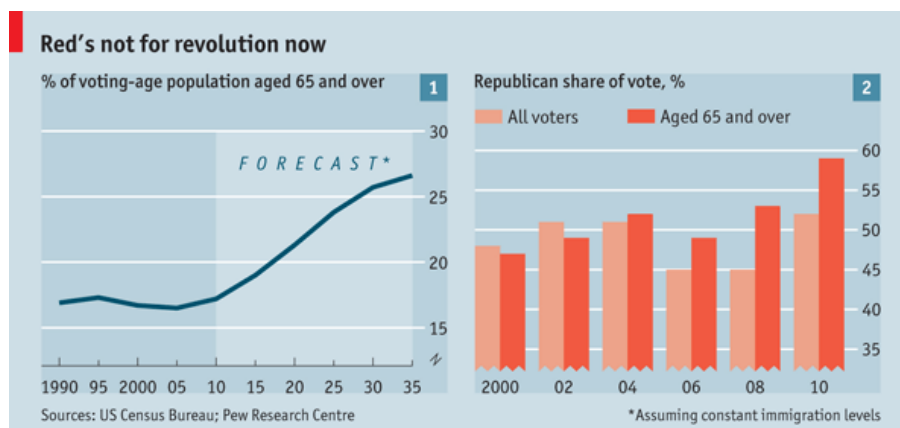
Themes To Consider Going Into 2011

- **Tax Law Extensions**- In December President Obama agreed to extend the Bush tax cuts until the end of 2012. In addition, the administration agreed to add \$300 billion into the economy in 2011 through payroll tax-cuts and other measures. This should spur the economy and will hopefully put concerns of another recession in the past.

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- **Baby Boomers-** When baby boomers entered the workplace in the 60's they were largely responsible for shaping the economy and politics. The first of these 78 million Americans born between 1946 and 1964 turned 65 in 2011. It is thought that this group will have a similar effect on the current economy and political arena going forward. The economic impact will be seen as a result of an increase in Medicare enrollment as well as an additional strain on Social Security. Statistically, older Americans have a more conservative voting record. This could cause a political shift going forward.



Performance Reporting

Our newly redesigned performance reports are still a work in progress as our reporting software continues to offer additional functionality. We thank you for your feedback and hope that you will continue to provide comments as improvement is an essential part of our commitment to excellence. We hope that the newly designed reports are useful.

Thank You

We are honored to be your fiduciary partner and we thank you for your business and also for your referrals. We look forward to speaking with you soon and hope that you and your loved ones are enjoying a happy and healthy 2011.

Best Personal Regards,

Locust Capital Management, LLC