



March 10, 2014

Dear Friends,

As the days get longer many of us here in the office look forward to baseball. Of course, we do not allow this day-dreaming to distract us from our fiduciary duties(!), but after this tough winter there is a definite longing to hear that crack, challenge that call, position that player and flash that leather. A few here even contend that the phrase “pitchers and catchers report” is the most optimistic in the English language.

These thoughts of baseball lead us to recall a quote by the great Yogi Berra, who once declared, “In theory, there is no difference between theory and practice. In practice, there is.” While we at Locust Capital do not believe that the markets are a game, we do deeply believe Mr. Berra’s ultimate point that actual performance and execution are ultimately all that a player or, in our case, an advisor, can be judged on.

In the pre-season, every team - in theory- has an opportunity to win. Every fan can, for a few weeks, dream that his or her team will still be playing and triumph in October. Every portfolio - on paper – may appear bullet-proof and water-tight. In baseball, however, October is still seven months away. Starting position players can have over 500 at-bats and pitchers can log over 200 innings playing outside in all types of weather. There are plenty of opportunities for anything good or bad to happen. The New York Stock Exchange has 252 trading days in a year. Absolutely anything can happen on one of those days or in between those days to impact the world’s markets and your portfolio. At Locust, it is our job to prudently practice, not rehearse, but to actually practice our fiduciary obligation to you, our clients, day-in and day-out. We are grateful for your continued faith and trust and the opportunity to serve you.

Now baseball is all about numbers and statistics so let’s address a few. Stocks continue to hit new all-time highs after a bumpy start in January, but there is no consensus supporting a single spark for these new levels. The rough weather in many parts of the country has impacted economic data, but investors don’t seem too concerned as last week’s encouraging Employment Situation report declared 175,000 nonfarm payroll jobs were added, even though experts had estimated only a 150,000 increase. Our nation welcomed the first woman, Janet Yellen, to ever head the central bank and she and her colleagues are continuing to wind down bond purchases ever so lightly as they believe the economy is improving. Leading indicators do all point in a positive direction as corporate profits are strong, equity valuations are fair and the

US government deficit is narrowing. This is also an election year with many congressional and gubernatorial elections pending, but the conduct of Congress has not been an issue on investors' minds. Around the world, emerging economies continue to struggle and in several countries such as Venezuela, Thailand, Ukraine, Turkey and Malaysia citizens have taken to the streets. England's third largest bank, Barclay's, will dismiss 8% of its workforce or 12,000 employees, 7,000 of them in the UK. 814 million people are registered to vote in India's 9-stage national elections later this spring. And finally, as we pen this note, there are 21 days or 504 hours or 30,240 minutes until opening day.

Thank you for your trust, time and attention. We look forward to speaking with you this spring. Please do not ever hesitate to contact us if you ever have a question, concern or idea.

Play ball!

- Locust Capital Management