WEALTH MANAGEMENT LLC

First Quarter 2012 Market Summary

The Economy

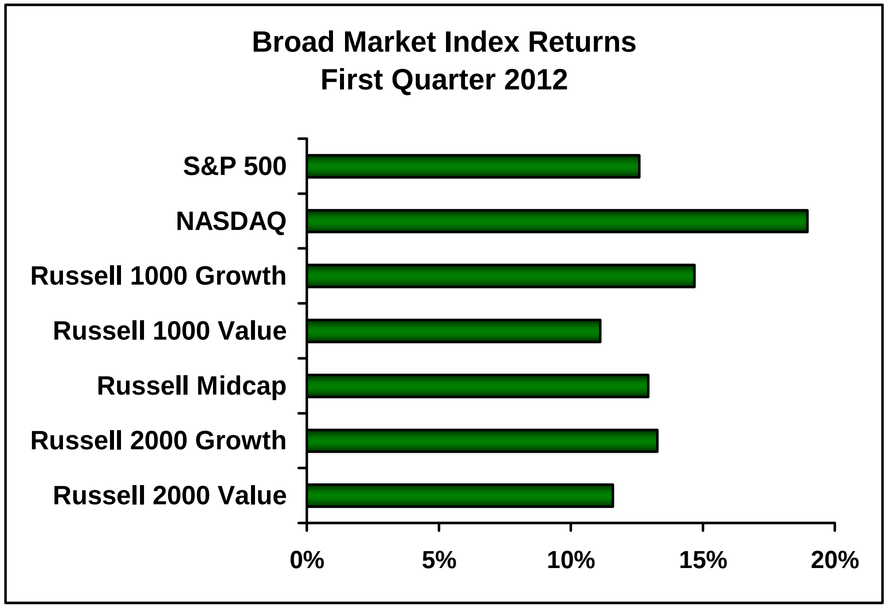
Stocks enjoyed their strongest first quarter performance since 1998 as the S&P 500 was up again during the month of March, extending gains seen in both January and February. Since the most recent low in October of last year, U.S. large cap stocks have rallied more than 30%, while U.S. small cap stocks have increased more than 40%.

Fixed income investments generally saw breakeven to positive performance during the first quarter, but due to improvements in the domestic economy, investors fled from the safety of U.S. Treasury bonds and flocked to the higher return potential that riskier investments can offer. As a result, bond prices generally fell from their peak levels while yields rose.

International equities were a clear beneficiary of the move by investors back into riskier asset classes. The MSCI EAFE Index, a measure of developed international equity markets, rebounded almost 11% during the first quarter. While the recovery has been strong, international stocks are still down on an absolute basis over the past twelve months and have lagged U.S. equity returns.

Better investment performance in the first quarter and continued improvements in the economy were a breath of fresh air after an extremely tense 2011. During the quarter, investors reacted positively to continued momentum in the U.S. economy. Although the Federal Reserve has been reluctant to commit to any new quantitative easing programs, they appear to be steadfast in keeping conditions favorable by maintaining low long-term interest rates and keeping short-term rates at current levels through 2014.

Short-term interest rates also fell in Europe as the European Central Bank became more aggressive and poured over 1 trillion euros of ultra-cheap, 3-year funding into the banking sector. This created a more favorable environment for Greece to restructure its debt, lowering the likelihood of future debt defaults and improving investor sentiment about the likelihood of Europe getting though the current situation.



While many economic factors have shown improvements, there are still other less positive factors to keep in mind. The U.S. housing market continues to be weak and a sustained housing recovery is still likely several years away. Although labor markets have improved, the unemployment rate remains at 8.3% and many people still find themselves under-employed. Gas prices at the pump have increased recently and are likely to go over $4 per gallon this summer, a level that pressured consumers and cut into economic growth several years ago. In addition, Europe remains a wild card as investors remain focused on Greece, Italy, Spain and several other less stable countries. The mood also could shift over the next two quarters, as the political rhetoric in the U.S. is likely to increase with the campaign season heating up.

Highlights

GDP

- The Bureau of Economic Analysis released the third estimate of fourth quarter 2011 GDP, an unrevised 3.0% versus third quarter 2011.
- Real GDP rose 1.6% from the fourth quarter of 2010 to the fourth quarter of 2011.
- The University of Michigan Consumer Sentiment Index preliminary reading in April was 75.7, which was a decrease from March and below consensus expectations. March was 76.2 up from 75.3 in February.
- ISM Manufacturing Index increased to 53.4 in March from 52.4 in February. Typically, when the ISM Index is above 55 it is bullish and when it is below 45 it is bearish.
- In February, Conference Board Leading Economic Index increased 3.02% year-over-year to 95.50
- The price of WTI Crude Oil was $103.03 at the end of March, which is higher than $98.83 at the end of December. Oil prices have risen to levels last seen in the spring of 2011. The price of Brent Crude Oil was $123.41 at the end of the month.
- Headline CPI decreased as March came in at 2.7% year-over-year, down from 2.9% in February. Core CPI, which does not include food and energy, came in at 2.3%. Inflation levels have increased in the past two years but remain at acceptable levels as they are under historical averages.

HOUSING

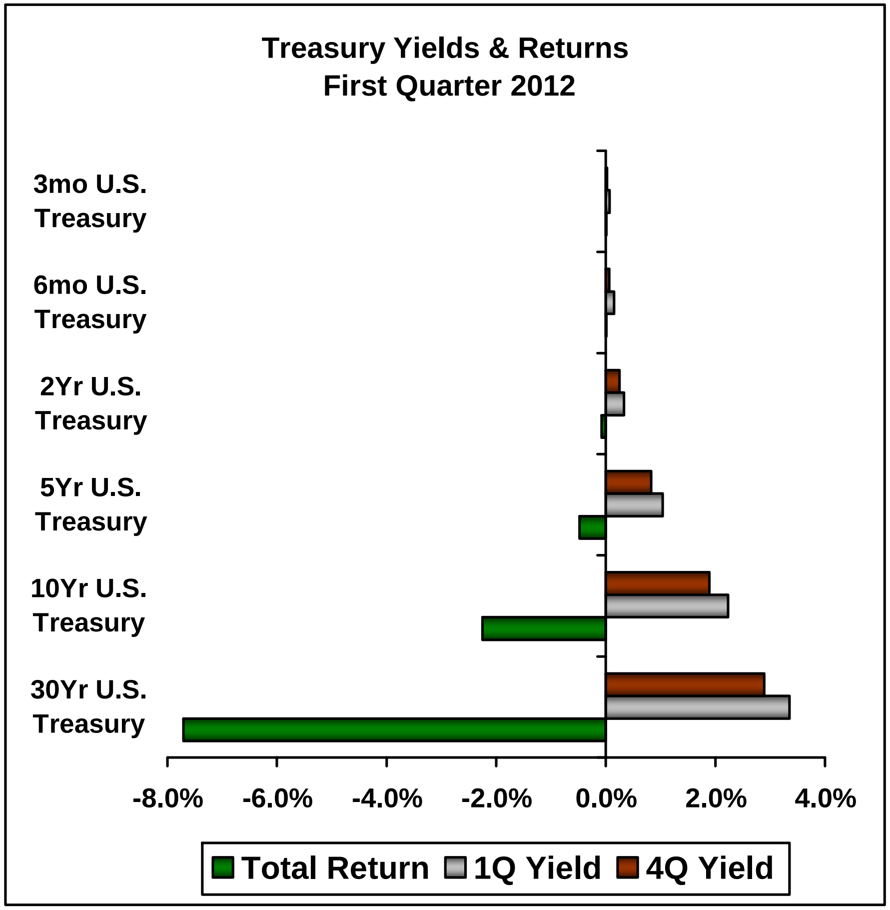
- Preliminary existing home sales slightly declined in February with an annualized rate of 4.59 million units from an upward-revised 4.63 million units in January. However, existing home sales rose this quarter, as the annualized rate was 4.38 million in December. Existing home sales have been rising slowly since last summer.
- Median existing home sale prices have continued to decline during the quarter. However, in February prices were roughly flat at 0.3% higher from the levels of one year ago.
- New home sales declined in February with a seasonally adjusted annual rate of 313k homes sold versus 318k in January and 336k in December. However, home sales have been trending up since last summer. New home sales are still at depressed levels compared to long-term averages of above 600k units.
- S&P Case-Shiller 20-City Home Price Index (seasonally adjusted) showed home prices fell 3.8% year-over-year in December. This is the sixteenth month in a row that prices have fallen.

EMPLOYMENT

- The labor market is slowly improving as the January and February Nonfarm Payrolls increased by 275,000 and 240,000 respectively. In March, preliminary Nonfarm Payrolls increased by 120,000, which was much lower than consensus expectation of 200,000 new jobs.
- The unemployment rate dropped to 8.2% in March, down from 8.5% at the end of Q4 2011. This was due mostly to people leaving the labor force and not an improvement in employment.
- Initial Jobless Claims continue to decrease to a more normalized level.

FIXED INCOME

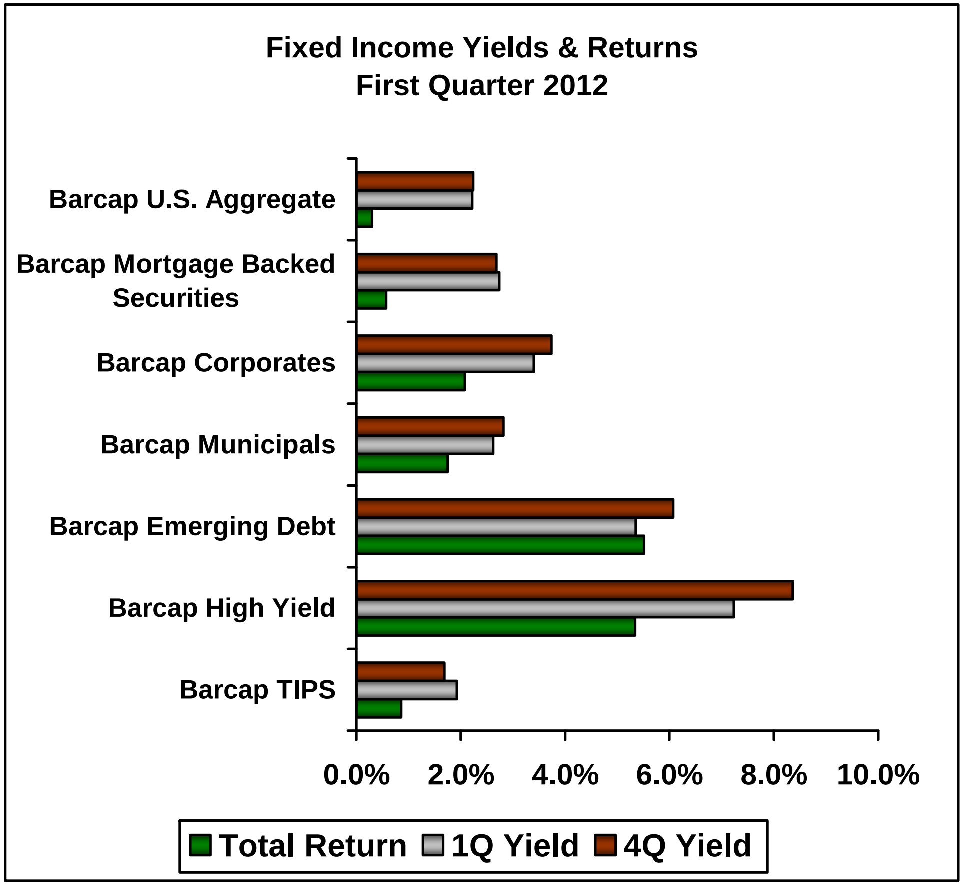
- The yields on Treasury securities increased on a quarter-over-quarter basis. Long-term yields rose more than yields on shorter-term maturities, causing a slight steepening of the yield curve.
- The credit segment of the market witnessed a decrease in rates, with the exception of TIPS and Mortgage Backed Securities. Yields for High Yield, Emerging Market Debt and Corporates had the largest decrease in yields.



- The TED Spread, which is the difference between the three-month LIBOR and three-month T-bill rates, has come down from 0.57% in December to 0.39% currently. A low TED Spread indicates the perceived risk of bank defaults is low.

FED POLICY

- In March, the Federal Open Market Committee (FOMC) announced they will leave the federal funds rate at 0% to 0.25% percent. In addition, they maintained the fed funds rate will likely remain at exceptionally low levels through late 2014.



EQUITIES

- For the quarter, stock prices ended much higher as it was the best quarter in over a decade. Performance was very similar on a market cap basis. However, growth stocks performed better on a relative basis than value stocks.
- The Russell 1000 Index of large capitalization stocks posted a total return of 12.90% during the quarter. On a year-over-year basis, the Russell 1000 Index has advanced 7.86%.
- Small capitalization stocks, as represented by the Russell 2000 Index, posted a gain of 12.44%. However, on a year-over-year basis the index has declined 0.18%.
- International stocks generally did not perform as well relative to U.S. domestic equities. The MSCI EAFE index of international markets stocks advanced 10.86% during the quarter. On a year-over-year, the EAFE is still down 5.77%.
- During the quarter, emerging market stocks performed better than developed markets. The MSCI Emerging Markets Index increased 14.08% in the quarter, but it is down 8.80% on a year-over-year basis.
- CBOE Volatility Index (VIX) declined throughout the quarter from 23.40 at the end of December to 15.50 at the end of March. Low levels on the VIX are generally positive for the equity markets.