

Market Commentary – 1st Quarter Review 2012

<i>Market Summary*</i>	12/31/2011	1/31/2012	2/29/2012	3/31/2012	Price Performance for Q1
S&P 500 Index	\$1,257.60	\$1,312.41	\$1,365.68	\$1,408.47	<u>S&P 500 Index</u> <u>12.00%</u>
		4.36%	4.06%	3.13%	
MSCI EAFE Index	\$1,412.55	\$1,486.74	\$1,567.67	\$1,553.45	<u>MSCI EAFE Index</u> <u>9.97%</u>
		5.25%	5.44%	-0.91%	
MSCI Emerg Mkts	\$917.08	\$1,019.39	\$1,079.44	\$1,041.45	<u>MSCI Emerg Mkts</u> <u>13.56%</u>
		11.16%	5.89%	-3.52%	
Barclays Agg Bnd	\$1,769.79	\$1,785.33	\$1,784.92	\$1,775.14	<u>Barclays Agg Bnd</u> <u>0.30%</u>
		0.88%	-0.02%	-0.55%	

An index is a portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Indexes are unmanaged portfolios and investors cannot invest directly in an index. Past performance is no guarantee of future results. The index returns are price returns only with no dividends re-invested, which means the return is simply the change in price for the securities in the index, but without any income generated by those securities. Except Barclays Agg Bnd index which is a total return number. See Index definitions on disclosure page. *Source: Standard and Poors and MSCI. Data as of 03/31/2012. Returns are in U.S. Dollars.*

EQUITY MARKETS

The equity markets started 2012 off with a bang as we experienced the best first quarter since 1998*. For the quarter the S&P 500 gained 12%, the 10th best start of a year in the history of the index*, as signs of stronger U.S. growth appeared and issues in Europe regarding sovereign debt disappeared from everyone's short term radar. Anticipation that more stimulus on a global perspective from central banks continued to aid the rally, as investors gravitated into some of the riskier areas of the markets that did not work well in 2011. Employment numbers, consumer spending and sentiment have continued to be strong during the quarter but there seems to be a strong debate that a mild winter has brought typical spring business forward and that low heating costs over the winter have allowed consumers to take discounts from heating bills and offset higher prices at the gas pump.

Moving Forward

As we move into the second quarter of the year it appears that equities have recaptured most of the discount provided by positive earnings growth but no price growth in equity markets for 2011. Our view is that we are approaching fair value in the equity market based on current consensus estimates for companies making up the S&P 500 composite. For the markets to

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continue the upward strides we have seen the past few months, companies will need to report better than anticipated numbers for the fundamentals to make sense for the continued monthly performance we have seen thus far. On the other hand price movements in stock markets do not act rationally all the time. We look forward to Q1 earnings season, as it should provide further guidance.

We have had 4 consecutive months of positive returns and statistically each month that we continue this trend it becomes more likely that a correction month will follow. Only time will tell if we are witnessing a strengthening economy. It is likely that as we approach the presidential election more emphasis will be placed on clarity over governmental debt burdens, future regulations and fiscal policy than standard market fundamentals.



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*Data provided by sp-indexdata.com and Raymond James Investment Strategy Market Commentary

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Index definitions:

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends.

The MSCI Emerging Markets Index is a float-adjusted market capitalization index. As of May 2005, it consisted of indices in 26 global emerging economies.

Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and ten years.

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