April 1, 2015

Our clients' equity portfolios were up 1.9% for the quarter ended March 31, 2015 while the Russell Midcap Value and the S&P 500 were up 2.4% and 1.0%, respectively. Investments in health care (+8%), consumer staples (+8%) and consumer cyclicals (+4%) performed the best while energy (-24%) and utilities (-4%) performed the worst. Near-term volatility in the stock market has been caused by uncertainty regarding the direction of interest rates and energy prices. Based upon our disciplined valuation methods, our portfolios have minimal exposure to interest rate sensitive REITs and utilities and we continue to add to the investment in energy service companies. Our long-term, fundamental approach is to invest in good businesses, with strong management and superior financials at attractive valuations. The attached charts demonstrate that our time-tested investment approach has produced attractive returns for our investors over the long term and during different phases of the current market cycle.

As the bull market enters its seventh year, the market is fairly valued while economic growth is fragile. Therefore, disciplined risk management is essential for successful investing. Our portfolios are invested in management teams that are excellent capital allocators and have made significant investments to expand their competitive advantages. These investments have been successful as reflected in their impressive operating leverage despite only modest volume increases. This positive leverage should produce even stronger earnings with any improvement in their end markets resulting in attractive returns for shareholders.

Thank you for your interest in investing with us and we look forward to visiting with you soon.

Regards, Fred, Paul, Ben and Matt