

April 11, 2012

Dear Fellow Investors:

Your Portfolio Review Book for the period ending March 31, 2012 is enclosed. During the quarter, your equity portfolio increased 7.9%. Investments in technology (+23%), health care (+12%), and industrials (+11%) performed the best, while utilities were down 4%. The Russell Midcap Value and S&P 500 were up 11.4% and 12.6%, respectively. After a strong performance in 2011, our higher quality companies lagged as lower quality and cyclical companies led the market's first quarter rebound. Long-term investing is our focus and the attached table demonstrates that our investors have earned solid returns for the past 3, 5 and 10 years.

We are confident your companies will continue to make good progress despite the moderate pace of economic growth. Much of this success is because they are gaining market share as a result of their proactively investing in R&D, marketing, and innovation. These investments also provide for better pricing power to offset rising input costs. Your companies' strong balance sheets and predictable cash flow are formidable **competitive advantages**. Based upon our independent research, we believe their stocks are undervalued and represent attractive investment opportunities.

We are pleased to report that during the quarter a pension fund, an endowment fund, and a family office joined you as investors with us.

As a registered investment adviser, we are required to deliver our disclosure brochure, Form ADV Part 2, to clients and prospective clients. There are no material changes since we delivered our last brochure. If you would like a copy of our most recent brochure, please call Judy or Beth at 612-338-4649.

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

Best regards,

Fred, Paul & Ben