

April 9, 2010

Enclosed please find your Portfolio Review Book for the period ending March 31, 2010. We are pleased to report that our investors' equity portfolios had a strong start to the new year, increasing 8% during the quarter. Their return was driven by investments in consumer cyclicals (+20%), industrials (+14%), and energy (+11%) while utilities lagged (+1%). During the quarter, the Russell Midcap Value (RMV) and S&P 500 were up 9% and 5%, respectively.

Our mission is to preserve and grow our investors' capital for the long-term. Despite one of the worst bear markets in history, *all* of our investors are ahead of where they were when the market peaked. Since the third quarter of 2007, our investors have gained 10% while the RMV and S&P 500 are still down 15% and 17%, respectively. The table on page 8 of the attached demonstrates the results of our **disciplined investment approach** during the past 3, 5 and 10 years.

The majority of our companies have reported that their end markets are firming and their earnings continue to make good progress. They are gaining market share by reinvesting their free cash flow in R & D, new products, and marketing. The dividends of our portfolio are growing which is a strong indication of management's confidence in the sustainability of their earnings and cash flow. Our companies employ significantly lower financial leverage than their peers, positioning them to succeed when interest rates increase. Based upon our research, we believe their stocks are undervalued and represent an attractive investment opportunity for those who have the **courage and patience** to invest for the long term.

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

Best regards,

Fred H. Speece, Jr., CFA

Enclosure

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