

THE MARKETS

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SECOND QUARTER 2010

THE LAST QUARTER IN REVIEW

Improved job growth and better than expected corporate profits showed the economy continued toward healing. These factors led to continued gains in the U.S. Equity markets while the European sovereign debt issues hampered the European markets. Some of the Federal stimulus programs wound down during the last quarter but the Fed reiterated rates will remain low for an extended period.

US Real GDP Growth	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
	-6.40%	-0.70%	2.20%	5.60%	3.20%

GDP = consumer spending + business investment + government + exports - imports.
source: www.bloomberg.com

The U.S. economy (real GDP) increased at an annualized rate of 3.2% (advance estimates) during the first quarter. The increase in gross domestic product capped the biggest six-month gain since 2003.

The increase primarily reflected positive contributions from personal consumption expenditures, private inventory investment, along with exports and nonresidential fixed investment. The detractors to the economy were state and local government spending as well as residential fixed investment. Imports, which are a subtraction from U.S. GDP increased for the quarter. Real federal government consumption expenditure and gross investment increased 1.4% in the first quarter.

Consumer Price Index	1 Year	3 Year	5 Year	10 Year
	2.33%	1.96%	2.42%	2.44%

Consumer Price Index numbers are annualized through 3/31/2010.

The producer price index (PPI) for the quarter increased 1.7%, which follows a 2 percent increase from the prior quarter. The PPI without food and energy, which is the Fed's focus, was up 1.1% for the first quarter and 1.5% for the prior quarter.

LOOKING FORWARD

While the economy continues to heal, there is still plenty of uncertainty around the globe. Recent headlines reveal Goldman Sachs may have to be accountable for their role in a controversial sub-prime mortgage deal and Greece's sovereign debt has been downgraded to junk status. While these issues may not have a big impact on our economy in the short term, they certainly remind us of some big headwinds our economy will have to face going forward. Even as we recuperate from the sub-prime crisis and the economic recession, there are still large budget deficits in the

"Helping people better understand how to borrow and save wisely and how to build personal wealth is one of the best things we can do to improve the well-being of families and communities."

— Federal Reserve Chairman Ben Bernanke

developed countries which must be dealt with eventually. Good news continues to come from U.S. corporations reporting better than expected profits. This has resulted in much higher cash positions on their balance sheets than they have had in many years. There are still concerns though that when the Government stimulus actions cease, the private sector will struggle to keep up the economic momentum. At this point, we are paying close attention to the employment numbers which will tell us not only the strength of the economic recovery, but also when the Fed may raise interest rates.

EQUITY MARKETS

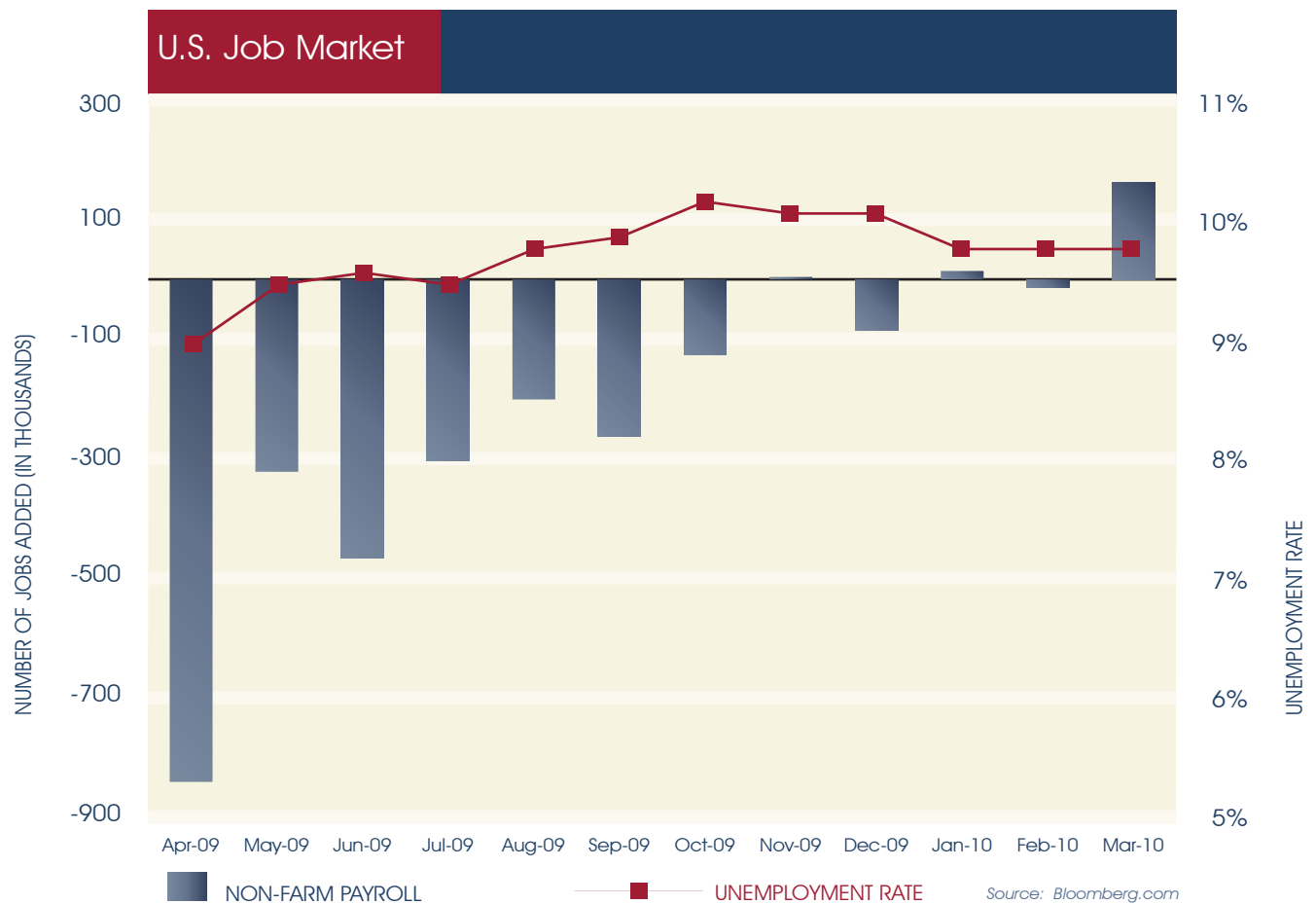
Another fine quarter was turned in by the equity markets in response to improving corporate profits. We're continuing to note lower quality stocks are still outperforming their higher quality counterparts. Interestingly, the small cap stocks are trading at premiums above the norm while the large companies are trading at slight discounts. Companies with the better return on equity (ROE) are also trading below their norms. We believe the markets will begin to favor higher quality equities. Going forward we will continue to increase positions in investment vehicles which focus on companies who have historically had a higher than average return on equity and who continue to show strong cash flow and earnings growth.

Earnings projections continue to rise, ranging from \$75-\$90 for this year. These numbers should provide some support for the U.S. equity market. A concern for the equity market is the European Sovereign debt issue. While our portfolios are predominately under weighted in this area, the European economy and markets will certainly have a global economic impact. We continue to overweight the Emerging Markets stocks, though we anticipate volatility. Emerging economies have much higher growth expectations than developed economies but they still have a considerable reliance on exports from the developed countries.

As for sector positioning, currently we remain over weighted in the health sector for demographic and valuation reasons. This quarter we also began adding to the technology sector. As previously mentioned, with excess cash to spend, corporations may be looking to upgrade their technology. This should provide a tailwind for the technology companies going forward.

Major Indices	Returns †						Risk †			
	Qtr 1 2010	2009	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year
Barclays Cap Aggr Bond Index	1.25%	5.93%	7.69%	6.14%	5.44%	6.29%	2.96%	4.16%	3.69%	3.83%
Barclays Cap Muni Bond Index	1.78%	12.91%	9.69%	4.56%	4.58%	5.58%	5.08%	5.97%	4.85%	4.61%
Dow Jones Industrial Average	4.82%	22.68%	46.93%	-1.48%	3.34%	2.26%	12.40%	18.84%	15.19%	15.36%
S&P 500 Index	5.39%	26.46%	49.77%	-4.17%	1.92%	-0.65%	13.34%	20.37%	16.31%	15.93%
Russell 2000 Small Cap Index	8.85%	27.17%	62.76%	-3.99%	3.36%	3.68%	20.46%	25.84%	21.64%	21.03%
MSCI EAFE (Foreign) Index	0.88%	31.98%	54.44%	-7.02%	3.75%	1.27%	18.78%	24.26%	19.78%	17.81%
MSCI EM (Emrg. Mrkts) Index	5.40%	78.51%	81.08%	5.16%	15.65%	10.11%	25.01%	33.21%	27.89%	28.47%
NASDAQ Composite Index	5.91%	54.67%	59.03%	-0.47%	5.25%	-5.83%	16.65%	23.55%	20.40%	28.52%
DJ Wilshire REIT Index	9.81%	28.46%	113.47%	-11.99%	3.38%	11.38%	35.77%	41.76%	25.96%	22.41%
DJ / UBS Commodity Index	-5.03%	2.78%	20.53%	-6.88%	-1.36%	5.73%	16.46%	23.61%	20.46%	17.57%
Goldman Sachs Commodity Index	-0.89%	13.48%	25.87%	-8.78%	-6.94%	3.72%	22.75%	31.39%	28.02%	25.35%

† 1, 3, 5 and 10 year return & risk numbers are as of 3/31/2010. Risk, the standard deviation, is a statistical measure of volatility of a portfolio's returns around its mean. Past performance is no guarantee of future results. source: Morningstar Advisor Workstation



INTEREST RATES & FIXED INCOME

There was a renewed interest in safety as investors purchased U. S. treasury securities at the beginning of the year. However, as the quarter progressed investors moved into the higher risk areas of the bond market. The improving corporate profits have allowed for some companies to move up their credit grades resulting in increased demand for their debt. This may be the start of a trend over the next year. As stated in prior issues, our strategy to move down the credit ladder has worked well as the credit spreads narrowed significantly (the spread between treasuries and corporate bonds). We will maintain this strategy as well as begin moving into instruments that invest in senior floating rate loans which are still trading significantly below their normal valuations. These are attractive not only for valuation but the loan coupons will adjust upward as interest rates rise.

Of course watching for signs of rate increases is the primary concern due to the inverse relationship between bond prices and interest rates. Watching for changes in Fed statements and Notes has become a popular pastime and for good reason. If the Fed moves too quickly, both the equity and debt markets may react negatively. If they move too slowly, it could result in inflation shock.

Key Rates			
Prime Rate	3.25%	10 YR Treasury Yield	3.63%
1 YR CD Rate	1.18%	30 YR Fixed Mortgage Rate	5.14%

COMMODITIES & REAL ESTATE

Commodities have accomplished what tends to be a rare occurrence. Over the last ten years they have outperformed equities (Morningstar Commodities Long only index produced a 9% annualized return). Due to an increasing middle class in the Emerging Markets this area should continue to do well. As more and more people in the emerging markets find themselves with discretionary cash, it is anticipated they will continue to upgrade their consumer purchases. Price increases have begun as the Labor Department reported a 0.7 percent rise in March producer prices, pushed up by the biggest gain in food

costs since 1984. We have begun moving more funds into commodities as demand for food and energy continues to rise.

Real Estate Investment Trusts (REIT) experienced a solid quarter as the FTSE EPRA/NAREIT Developed Real Estate Index produced a total return of 4%. Similar to corporate equities where lower quality has outperformed higher quality due to economic optimism, real estate equities with higher leverage outperformed those with lower leverage. The commercial real estate market has continued to improve but financing and market demand issues remain and will need to be addressed before we increase our allocation in this area.

LPL Benchmark Performance	Returns †						Risk †		
	Qtr 1 2010	2009	1 Year	3 Year	5 Year	10 Year	3 Year	5 Year	10 Year
Aggressive Growth	5.66%	26.92%	49.38%	-3.59%	2.48%	0.13%	20.03%	16.10%	15.59%
Growth	5.07%	23.61%	42.02%	-1.89%	3.10%	1.24%	17.06%	13.69%	13.11%
Growth with Income	4.26%	19.16%	32.63%	0.27%	3.82%	2.62%	13.14%	10.52%	9.87%
Income with Moderate Growth	3.39%	14.55%	23.55%	2.21%	4.38%	3.82%	9.30%	7.45%	6.77%
Income with Capital Preservation	2.48%	9.86%	14.88%	3.96%	4.80%	4.88%	5.76%	4.68%	4.13%

† Risk figures and the 1, 3, 5 and 10 year return numbers are as of 3/31/2010. Standard deviation (risk) is a statistical measure of the volatility of a portfolio's returns around its mean. The benchmark data quoted represents past performance of indices as reported by LPL Financial. Investment return and principle value will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. Call Vantage for current performance information.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

LPL Income with Capital Preservation Benchmark
20% Russell 3000, 70% LB Aggregate Bond Index, 10% U.S. Tbill

LPL Income with Moderate Growth Benchmark
40% Russell 3000, 53% LB Aggregate Bond Index, 7% U.S. Tbill

LPL Growth with Income Benchmark
60% Russell 3000, 35% LB Aggregate Bond Index, 5% U.S. Tbill

LPL Growth Benchmark
80% Russell 3000, 15% LB Aggregate Bond Index, 5% U.S. Tbill

LPL Aggressive Growth Benchmark
95% Russell 3000, 5% U.S. Tbill

