



VESTOR | CAPITAL

Investment Commentary February 2012

Economy

- GDP: Fourth quarter GDP growth picks up
- Consumer spending strengthens in the fourth quarter
- Private Investment: Fourth quarter investment strengthens
- Manufacturing and Non-Manufacturing: Growth continues
- Federal Budget: Concerns remain on continued high deficits
- Trade deficit: Widening
- Economic Outlook for 2012: Slower Growth

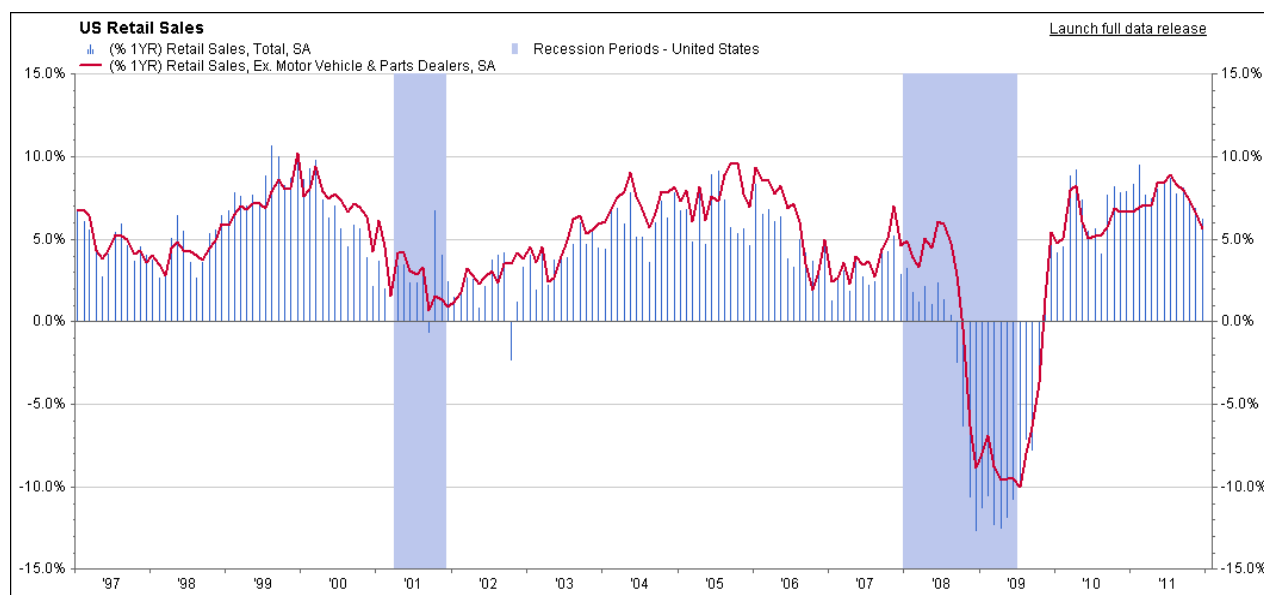
GDP

Measured in real, or inflation-adjusted, terms, U.S. Gross Domestic Product (GDP) increased at an annual rate of 2.8% in the fourth quarter of 2011, according to the “advance” estimate released by the Bureau of Economic Analysis, which is up from the third quarter annual growth rate of 1.8%. The increase in U.S. GDP growth during the fourth quarter principally reflected positive contributions from exports, residential and nonresidential fixed investment and personal consumption expenditures that were partly offset by negative contributions from federal and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.

We are encouraged that fourth quarter GDP growth of 2.8% is up nicely from the tepid growth rate in the third quarter. Most economists are expecting U.S. economic growth of approximately 2% in 2012. Of course, this will partially depend on the economic situation in Europe as well as China.

Consumer Spending

Adjusted for inflation, U.S. consumer spending increased at an annual rate of 2.0% during the fourth quarter of 2011, which is up from the 1.7% annual rate during the third quarter, and 0.6% for the second quarter. We are encouraged by the sequential improvement over the past two quarters. Retail sales excluding autos, gasoline and building materials, decreased by -0.2% in December. However, sales are up at a 5.3% annual rate in the fourth quarter compared to the third quarter. The graph below highlights the fact that overall retail sales continue to remain relatively strong, above 5% growth, as the job market slowly improves and consumers clean up their personal balance sheets.



Source: FactSet Research

Consumer spending on services, which accounted for approximately 64% of total consumer spending during the fourth quarter, increased at a 0.2% annualized rate, which is down from the 1.9% annualized rate recorded in the third quarter. Spending on nondurable goods (e.g., food, clothing and shoes, gasoline, fuel oil, and other energy goods), accounting for approximately 22% of U.S. consumer spending during the fourth quarter, increased at a 1.7% annualized rate, which is up from the -0.5% contraction in the third quarter of 2011. Consumer spending on durable goods, such as autos and home appliances, accounted for 14% of U.S. consumer spending during the fourth quarter and increased at an annual rate of 14.8%, which is a big jump from the 5.7% annual rate recorded in the third quarter of 2011.

Private Investment Strengthens

Private investment is an important economic statistic as it reflects business confidence for the future. Companies invest when they see demand increase and/or are confident that activity will pick up. Adjusted for inflation, U.S. private domestic investment spending, which accounted for approximately 14% of U.S. GDP during the fourth quarter, recorded a substantial 20.0% increase. The increase in fourth quarter spending was largely due to increases in inventories as businesses replenished their depleted inventories. New orders for non-defense capital goods excluding aircraft orders, a proxy for future business spending closely watched by the Federal Reserve Bank, increased 2.9% in December, following a -1.2% decrease in November. Shipments of these goods, a metric used by the government in its calculation of GDP, also increased 2.9% during December following a -1.0% decrease in November.

Manufacturing and Non-Manufacturing Indexes Post Growth

The Institute for Supply Management (ISM) index of non-manufacturing activity, known as the Non-Manufacturing Index (NMI), increased to 56.8 in January from 53.0 in December. Readings above 50.0 signal expansion and, thus, we saw expansion in December and January. As a point of reference, the NMI averaged 55.3 during the six year economic expansion that ended in December 2007. During January, twelve industries tracked by the ISM reported growth in business activity including Real Estate, Retail Trade, and Transportation. Over the same time period, four industries reported decreased activity: Arts, Entertainment and Recreation; Mining; Utilities; and Public Administration. Through the twelve months ending January 2012, the ISM business activity index has averaged 54.4, including a high of 59.0 reached in February 2011 and a low of 52.6 in November 2011.

The ISM Manufacturing Index increased to 54.1 in January from 53.1 in December. Readings above 50.0 signal expansion, indicating the thirtieth straight month of expansion in manufacturing activity following 18 consecutive months of contraction. The January figure represents the strongest growth level reported since June 2011. We continue to be heartened that growth is strengthening, and concerns of a future slowdown are beginning to wane. The New Orders index increased to 57.6 in January from 54.8 in December, another welcome improvement. Through the twelve month period ending January 2012, the ISM Manufacturing Index has averaged 54.7, reaching a high of 59.8 in February 2011 and a low of 51.4 in July 2011.

U.S. industrial production increased 0.4% in December, following a -0.3% decrease in November. The year-over-year increase in Industrial Production in December was 2.9%. All of the six market groups measured by the monthly Industrial Production and Capacity Utilization report, released by the Federal Reserve Bank, increased in December. The rate of capacity utilization across the U.S. increased 0.3% to 78.1% in December. Capacity utilization has increased dramatically since the 2008 low of 67.3%, and is currently at a level that is only 2.3% below the 80.4% average experienced during the 1972 to 2010 time period.

Federal Budget Deficits Continue

The U.S. federal budget recorded a -\$86 billion deficit in December compared to a -\$78 billion deficit during December 2010. Tax receipts have not grown enough to offset increases in spending, leading to continued deficits. As 2012 is an election year, we do not expect to see any progress to either rein in spending or increase taxes. Therefore, we expect that the budget deficit for the fiscal year, which ends in September, to be in line with the \$1.3 trillion deficits which were recorded during fiscal year 2010 and 2011. To put the deficit in perspective, the U.S. is bringing in tax revenue of approximately \$2.3 trillion annually and spending approximately \$3.6 trillion, which is a significant gap. If this continues, it ultimately will cause higher interest rates and further credit rating downgrades.

Interest rates have remained low in the U.S. due to investors' views that the U.S. dollar is a safe haven given what is happening in Europe. However, under the surface, markets are growing increasingly concerned over our continued high budget deficits. When this reaches a crisis point, we will ultimately see higher interest rates and further credit rating downgrades.

Trade Deficit Widening

The U.S. international trade deficit in goods and services was -\$47.8 billion in November, which was up from a revised -\$43.3 billion in October. During November, imports increased 1.3% to \$225.6 billion and exports decreased -0.8% to \$177.8 billion. For the three months ending in November, a measure that smoothes the monthly trade fluctuations, the U.S. trade deficit averaged -\$45.1 billion, \$0.8 billion more than for the three months ending in October. The value of imported energy-related products increased to \$34.8 billion in November from \$32.6 billion in October, and is greater than the \$25.2 billion value reported for November 2010. As can be seen clearly, oil remains the primary source of our trade deficit despite recent success discovering new oil supplies from shale.

Economic Outlook for 2012: Slower Growth

The International Monetary Fund (IMF) recently released their January World Economic Outlook (WEO) update. They project that global output will expand by 3.25% in 2012, which is a downward revision of -0.75% from their September 2011 WEO projected growth rate of 4.0%. This is due, in part, to their belief that the euro area economy will go into a mild recession in 2012. They also forecast that growth in emerging and developing economies will slow because of the worsening external environment and weakening of internal demand.

The IMF believes that the policy challenge in Europe is to restore confidence in the European Union and put an end to the crisis by achieving economic growth while deleveraging and providing more liquidity and monetary accommodation. It is difficult to deleverage while still supporting economic growth, but this is the task that the Euro Zone currently faces.

While the consensus opinion is that global economic growth will slow in 2012, there are a number of positive developments which could provide upside to the current forecast. Commodity prices generally declined in 2011, and are, on average, well below recent peak levels. Leading economic indicators have generally been strong of late, despite the uncertainty in the euro zone. Lastly, governments continue to be fiscally accommodative in an effort to stimulate economic growth.

We continue to believe that economic growth will continue in 2012 in most of the world, while there will be some contraction in Europe. We will continue to monitor the situation in Europe closely. Also, there is growing concern that growth in China will slow. This will be the other major issue that we will monitor as world economic growth is dependent on China's economy, the world's second largest, continuing to expand.

Inflation

- Consumer Prices Unchanged Again in December
- Food and Energy Costs Drive the PPI Lower in December
- Job Market Continues to Heal
- Real Wages Advance
- Inflation Remains Subdued

Consumer Prices Unchanged Again in December

The Consumer Price Index (CPI) was unchanged in December for the second straight month. The Energy Index decreased -1.3% in December after falling -1.6% in November. Excluding food and energy costs, the Core CPI increased 0.1% in December after posting a 0.2% rise in November. From December 2010 to December 2011, the Energy Index increased 6.6%, and the Food Index increased 4.7%. From December 2010 to December 2011, the CPI increased at an annualized rate of 3.0%, and the Core CPI, excluding food and energy, increased 2.2%.

	1 Year	December	November	October
<i>Consumer Price Index ("CPI")</i>	3.0%	0.0%	0.0%	-0.1%
<i>Energy Index</i>	6.6%	-1.3%	-1.6%	-2.0%
<i>Core CPI (ex: food & energy)</i>	2.2%	0.1%	0.2%	0.1%
Source: Bureau of Labor Statistics				

Energy costs posted their third straight monthly decline and have given back much of this summer's gains. Gasoline continued to move lower while household energy also fell. Food prices continued their slow march higher in December as both grocers and restaurants are passing along higher costs. While it is difficult to determine if inflationary pressures will accelerate, we believe that current strains on the economic front will help keep inflation in check.

Food and Energy Costs Drive the PPI Lower in December

The Producer Price Index (PPI) for finished goods fell -0.1% in December, after rising 0.3% in November. December's decline was driven by food and energy costs that were both lower during the month. In December, the Food Index dropped -0.8% while the Energy Index was down a similar -0.8%. Excluding food and energy costs, the Core PPI was up 0.3% in December; an acceleration from recent flattish trends, but well below the significant increases posted earlier in 2011.

	December	November	October
<i>Producer Price Index ("PPI")</i>	-0.1%	0.3%	-0.3%
<i>Food Index</i>	-0.8%	1.0%	0.1%
<i>Energy Index</i>	-0.8%	0.1%	-1.4%
<i>Core PPI</i>	0.3%	0.1%	0.0%
Source: Bureau of Labor Statistics			

The Job Market Continues to Heal

In January, according to the Bureau of Labor Statistics (BLS), employment rose by 243,000, ahead of expectations of a 140,000 job gain and the largest monthly expansion since April of last year. The U.S. unemployment rate at 8.3% was down from 8.5% in December, and fell to its lowest level in nearly three years. The unemployment rate has now posted five consecutive monthly declines, but has remained above the 8% level since February 2009. Separately, November and December job additions were revised upward by a combined 60,000 jobs. During January, Professional and Business Services added 70,000 jobs; the Manufacturing industry added 50,000 jobs; the Leisure and Hospitality industry added 44,000 jobs; Health Care added 31,000 jobs; Construction added 21,000 jobs; and Retail gained 19,000 jobs. Government employment was little changed during January. Employment in both state and local government has been trending down since the second half of 2008.

Much has been written about the low labor force participation rate of 64.1% which is the lowest rate in almost 30 years. However, a closer look at the data reveals that as people age the labor force participation rate naturally drops, and the population of older Americans has increased significantly over the past 15 years. Calculating the average labor force participation by age category reveals that the current labor force participation rate by age group is in line with the historical average.

Government forecasters expect that unemployment will range between 8.2% and 8.5% in 2012. Most economists believe that at least 150,000 to 200,000 jobs must be created each month to bring the unemployment rate down, implying that government officials do not expect hiring to pick up materially over the next year. We believe that businesses are reluctant to hire based on concerns over the sustainability of economic growth, increased government regulation and concern over deficit government spending.

Real Wages Advance

Real average hourly earnings rose 0.2%, seasonally adjusted, in December from November according to the U.S. Department of Labor. This was the result of an unchanged CPI and average hourly earnings that were 0.2% higher. From December 2010 to December 2011, real average weekly earnings decreased -0.3%, seasonally adjusted, reflecting a 0.6% increase of hours in the average workweek and a -0.9% decrease in real average hourly earnings. Before adjusting for inflation and seasonal change, average weekly earnings were \$799 in December 2011 compared to \$779 a year earlier.

Inflation Remains Subdued

The Federal Open Market Committee (FOMC) prefers to monitor inflation based upon the Core Personal Consumption Expenditure Price Index (PCE), which excludes food and energy costs as the food and energy groups tend to be more volatile. This index increased 1.8% over the twelve months ending December 2011, and is below the FOMC's new long-term target inflation target of 2.0%. Historically, food and energy prices have fluctuated, but have not shown a meaningful long-term trend up, and that is why the FOMC prefers the Core PCE to monitor inflation.

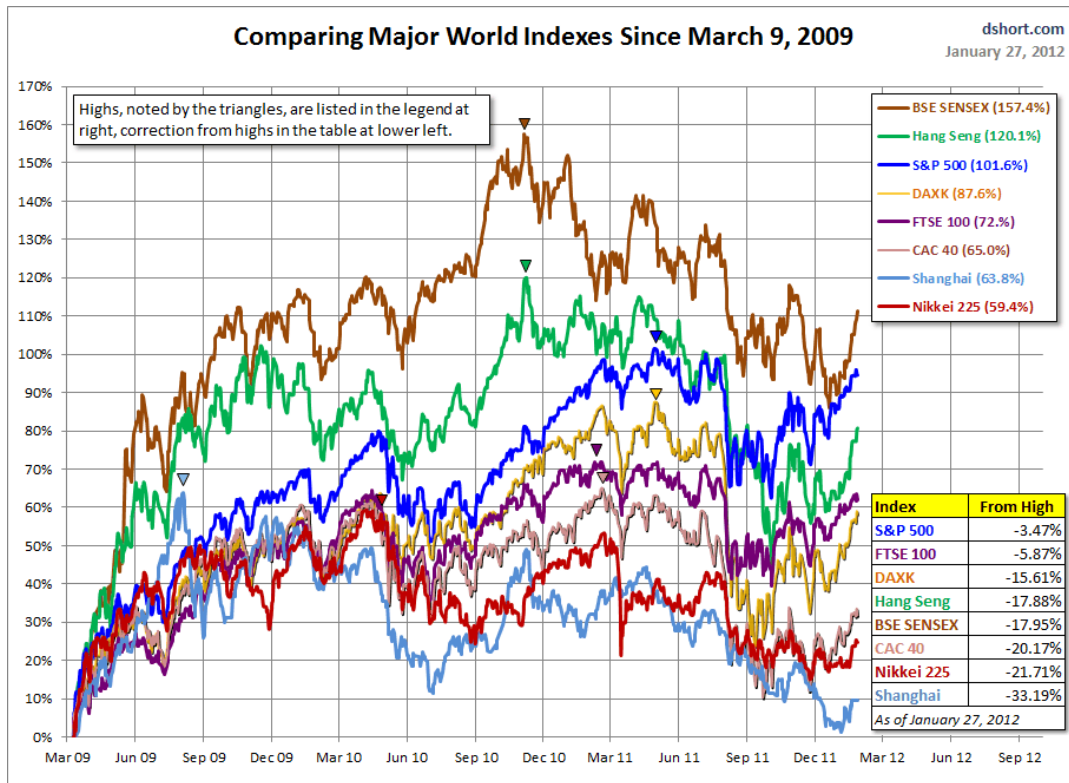
U.S. inflationary pressures have been contained relatively well in the last 12 months, as would be expected based on the gradual U.S. economic recovery. Furthermore, concerns of slowing global growth have kept the prices of many commodities, including aluminum, copper, wheat and corn well below peak levels reached in early 2011. Therefore, we are comfortable that inflation will continue to be contained, but we will monitor it closely going forward.

Stock Market

- Equity markets off to a strong start in 2012
- U.S. and International markets up in 2012
- Vestor Capital U.S. Core Equity, Equity Income and Global Strategy performance
- Portfolio Changes in January
- Equity market outlook for 2012

Equity markets off to a strong start in 2012

As the graph below illustrates, world equity markets are up strongly in early 2012. Markets were extremely volatile in 2011, as investors were constantly attempting to interpret how the sovereign debt situation in Europe would impact world economic growth. Investor confidence has improved after the European Central Bank announced a 3 year lending program for banks, the U.S. Federal Reserve stated that it would keep interest rates low through at least 2014, and reports are showed a strong U.S. labor market and slower Chinese inflation. The consensus opinion currently is that while Europe may enter into recession in 2012, the rest of the world is expected to grow. This coupled with reasonable valuations and record low interest rates makes equities attractive. We believe this is why world equity markets are off to such a strong start in 2012.



Source: dshort.com

U.S. and International markets up in 2012

The following table presents the total return performance of the major U.S. and International Equity Indices for January 2012. U.S. total returns ranged widely, from just under 3% for the Dow Jones Industrial Average, to almost 8% for the technology dominated NASDAQ composite index. Developed international indexes were up from 7% for the MSCI EAFE Large Cap Index to 10% for the MSCI EAFE Small Cap Index. The MSCI Emerging Markets Index was up almost 12% in January.

<i>Total Return Performance for the Major U.S. and International Stock Market Indices</i>	
	January 2012
U.S	
<i>Dow Jones Industrial Average</i>	2.97%
<i>S&P 500 Composite Index</i>	4.04%
<i>NASDAQ Composite Index</i>	7.71%
<i>S&P 600 Small Cap Index</i>	5.58%
International	
<i>MSCI EAFE Large Cap Index</i>	6.78%
<i>MSCI EAFE Small Cap Index</i>	10.05%
<i>MSCI EM Emerging Markets Index</i>	11.56%
Source: Bloomberg, L.P.	

Vestor Capital U.S. Core Equity Strategy performance

For January 2012, the Vestor Capital U.S. Core Equity strategy produced a total return performance that was ahead of the benchmark S&P 500 Composite Index. We are encouraged by the strong start to the year. During January, we reported strong relative performance in the consumer staples and health care sectors. These were two sectors in which we lagged in 2011. We are heartened that the market is recognizing the value of these businesses.

We remain confident in our portfolio companies, as they possess seasoned, shareholder-oriented management teams, strong balance sheets, excellent profit margin profiles and are well positioned for long-term growth. We will continue to monitor their business performances carefully going forward, and take advantage of market dislocations to selectively upgrade our holdings where appropriate.

Vestor Capital Equity Income Strategy performance

Our Vestor Capital Equity Income portfolio produced a total return performance that was behind the benchmark S&P 500 Composite Index in January 2012 following a 2011 yearly performance above the benchmark. In general, equity income strategies can be expected to lag in sharply rising markets, like the one experienced in January, as investors seek companies based more on a higher risk/reward profile as opposed to the lower risk but more stable and higher dividend paying companies owned in our Equity Income strategy. In particular, the utilities and energy sectors reported returns less than the S&P 500 Index, and these are sectors in which we are overweight compared to the benchmark. We continue to recommend this strategy for investors looking for attractive dividend income plus long-term equity appreciation.

Vestor Capital Global Strategy performance

Our Global Strategy consists of U.S., International and Emerging Markets equity investment strategies. In January 2012, our Global Strategy portfolio produced a total return performance that was in line with its benchmark. The performance in the International and Emerging Markets strategies generally was greater than the U.S. strategies. Coming into 2012, the price-to-earnings valuation ratios of the International and Emerging Markets indices were near multi-year lows reflecting investor nervousness due to the sovereign debt issues in Europe and concerns over slowing growth in emerging markets. We believe that while there is still concern over the situation in Europe, investors are growing more comfortable that a recession in Europe will likely be mild, and emerging markets will continue to report robust economic growth.

Changes to the Vestor Capital U.S. Core Equity and Equity Income Strategies

We made a number of changes to our U.S. Core Equity Strategy in January. In the health care sector we added UnitedHealth (UNH) and DaVita (DVA). UNH is the largest and most diverse health benefits provider in the country. Given the unsustainable trajectory of healthcare costs in the U.S., the government has no choice but to look to Managed Care Organizations, like UNH, for solutions. The company is focused on improving access, affordability, quality, and simplicity in the health system. UNH enjoys leading positions in several businesses and is especially strong in Medicaid, Medicare, and Individual products, all areas that should see solid long-term growth in enrollments. DVA is the second largest provider of dialysis services for patients suffering from kidney failure in the U.S. While the overall health care sector has seen fewer physician visits, lab tests, and elective procedures, DVA has posted very stable and highly predictable revenues and cash flows.

In the materials sector we added BHP Billiton (BHP), which is the most diversified mining company in the world. BHP differentiates itself through its quality, low-cost, long-life mining asset base across a diversified number of commodities. Return on capital and equity at BHP are amongst the highest in the industry and

management has aggressively repurchased stock and increased the dividend over the past 5 years. In the technology sector we added Qualcomm (QCOM), a leading semiconductor company engaged in the design of wireless communications products. QCOM is one of the true secular plays in the semi-conductor space given its leadership position in advanced wireless technologies and exposure to the growth of handsets, tablets, and other devices. QCOM's primary value driver is its substantial patent portfolio and royalty stream from the sale of every 3G/4G device (handset or otherwise) sold in the world, regardless of whether it has a QCOM chip in it or not.

In the U.S. Core and Equity Income strategies we added Vodafone (VOD), a telecommunication company providing a range of communications products and services including voice, messaging, data and fixed-line solutions and devices. The company has operations in 26 countries with close to 400 million subscribers. VOD is taking share from incumbent peers in most of its key markets as the ongoing surge in data consumption has highlighted the strength of its network assets. The firm's most valuable asset is its 45% stake in Verizon Wireless (VZW), the leading US carrier. In addition, VOD pays a generous dividend.

Equity Market Outlook for 2012

The adage that equity markets climb a wall of worry has never been more true than today. Despite all the negative headlines, equity markets are off to a strong start in 2012. We believe that investors are expecting stronger economic growth in 2012 than the consensus expectation of economists. Also, corporate earnings for the fourth quarter of 2011 generally came in strong, giving investors increasing confidence for the coming year.

The wild card is the situation in Europe. No one truly knows the end game for the sovereign debt crisis in Europe. The story has had many fits and starts over the past few years and the end result is still too much debt and too little economic growth. We believe that as long as Europe can avoid a severe economic downturn, the rest of the world should be able to record reasonable economic growth in 2012. We are encouraged that China, thus far, appears to be managing their economy reasonably well. Accordingly, we do not anticipate a dramatic slowdown in China's economic growth.

We will continue to seek out attractively valued companies that we believe can produce solid income growth in a modest growth environment. We are confident that the businesses owned in our Clients' and our own equity portfolios are well situated to benefit from the long-term growth in the U.S. and international economies, and we are pleased to offer our Vestor Capital U.S. Core Equity, Vestor Capital Equity Income and Global Equity Investment Strategies.

The backdrop of reasonable economic growth and attractive equity valuations provides the basis for a healthy equity market. Of course we will keep tuned to developments that may alter this outlook as the year unfolds.

Fixed Income

- FOMC Extends Low Rates
- Yields Remain at Historically Low Levels
- Mixed Housing Data
- Continued Focus on Quality and Shorter-Term Maturities
- Active Management Offerings

FOMC Extends Low Rates

The Federal Reserve Open Market Committee (FOMC) last met on January 25th and, as expected, left the Federal Funds Rate unchanged in the target range of zero to one-quarter of one percent. The Federal Funds Rate essentially has been zero since December 16, 2008, and the Committee recently extended its pledge to leave it at this “exceptionally low level” through late 2014. The FOMC’s official statement acknowledged that “the economy has been expanding moderately, notwithstanding some slowing in global growth” and that it “expects economic growth over coming quarters to be modest.” Officials pointed out that business investment which had been relatively strong “has slowed” and the housing sector “remains depressed.”

The Committee did not announce any additional monetary easing policies as it further assesses the impact of its most recent initiatives. The FOMC stated that it “expects to maintain a highly accommodative stance for monetary policy.” As it has in the past, the Committee pledged that it remains prepared to employ additional tools to promote a stronger economic recovery and price stability in the event they are needed. In his remarks after the meeting, Chairman Bernanke said that the Fed is weighing additional stimulus, including another round of bond purchases.

Yields Remain at Historically Low Levels

Yields movements on longer-dated Treasury bonds were mixed during January, but remain near historic lows reached in the fall as investors continue to flock to the relative safety of U.S. Government securities. The yield on the 30-year Treasury bond was up 10 basis points during the month, ending at 2.99%. The yield on the 10-year Treasury bond decreased by -3 basis points in January and ended the month at 1.84%. Total returns for the month of January were -0.38% and 0.95% for the 30-year and 10-year Treasury bonds, respectively.

We continue to emphasize caution in our outlook for the fixed income markets due to the current level of low interest rates. While world economies continue to recover, growth rates have slowed. Slowing economic growth is typically bullish for bonds, but with rates at historical low levels, we are cautious on longer-term bonds going forward.

Mixed Housing Data

During January, the 30-year residential fixed-rate mortgage rate rose to 4.07% from 4.02% in December. The percentage of mortgage activity due to refinancing (versus mortgage originations) was lower during the month at 80.0% compared to 82% last month. Interest rates moved marginally higher last month, and remain at historically low levels aided by Federal Reserve policy actions. For homeowners who do have good credit and enough equity in their homes to refinance, today’s mortgage rates still present a potential opportunity to lower their monthly payments and lock in attractive long-term rates.

Housing data for December, released in January, reflected an increase in demand for existing homes compared to November’s level. The annualized sales rate of existing homes, which comprises approximately 85% of all U.S. housing supply, improved to 4.61 million homes in December compared with November’s revised rate of 4.39 million homes. Annualized new home sales of 307,000 in December decreased from November’s downwardly revised pace of 314,000 homes.

The “Months Supply” of existing homes moved lower to 6.2 months in December compared to November’s level of 7.2 months. The “Months Supply” of new homes at 6.1 months in December was up marginally compared to November’s level of 6.0, but remains at an almost six year low. We are encouraged by these improvements in housing supply. However, new home sales remain very weak and home prices remain under pressure.

According to the Standard and Poors/Case-Shiller 20-City Composite Home Price Index, housing prices fell -3.7% in November compared to housing prices one year earlier. 18 cities were negative on an annual basis and two were stronger.

Continued Focus on Quality and Shorter-Term Maturities

Since bond yields are still well below their historical averages, we continue to recommend that fixed-income investors' new money be invested in fixed income portfolios with maturities of 3 to 5 years. Bank Certificates of Deposit continue to offer very attractive short-term yields (compared to AA or higher rated corporate and municipal bonds with similarly short maturities), especially since they are backed by the Federal Deposit Insurance Corporation in amounts up to \$250,000.

For taxable accounts, after-tax yield spreads between municipal bonds and Treasury bonds in January were less compared to December spreads. After-tax yield spreads of municipal bonds continue to be attractive compared to like-maturity U.S. Treasury bonds. As a result, Treasury bonds are not presently as attractive as municipal bonds on an after-tax equivalent basis for not only high income tax bracket taxpayers, but also mid-to-low income tax bracket taxpayers. Accordingly, we view high quality municipal securities as appropriate for investors in all income tax brackets.

Current interest rate spreads between corporate bonds and Treasury bonds have not changed materially over the past 12 months, but are still attractive for both U.S. and foreign corporate bonds trading in U.S. dollars relative to like-maturity Treasury and Federal agency bonds.

Active Management Offerings

We offer "actively managed" taxable and tax-exempt fixed income investment strategies, as opposed to "passively managed" laddered fixed income portfolios. These actively managed strategies incorporate the use of intermediate-term maturities combined with shorter-term maturities to produce average effective maturities of between 3 and 5 years, and will be actively managed in reaction to interest rate increases and decreases. In addition, the credit quality of these active strategies will be actively managed to take advantage of value discrepancies while still maintaining a high average overall credit rating of the fixed-income portfolios.

As always, we appreciate the opportunity to continue serving your investment needs.

Vestor Capital Partners, LLC
Investment Committee
February 9, 2012



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