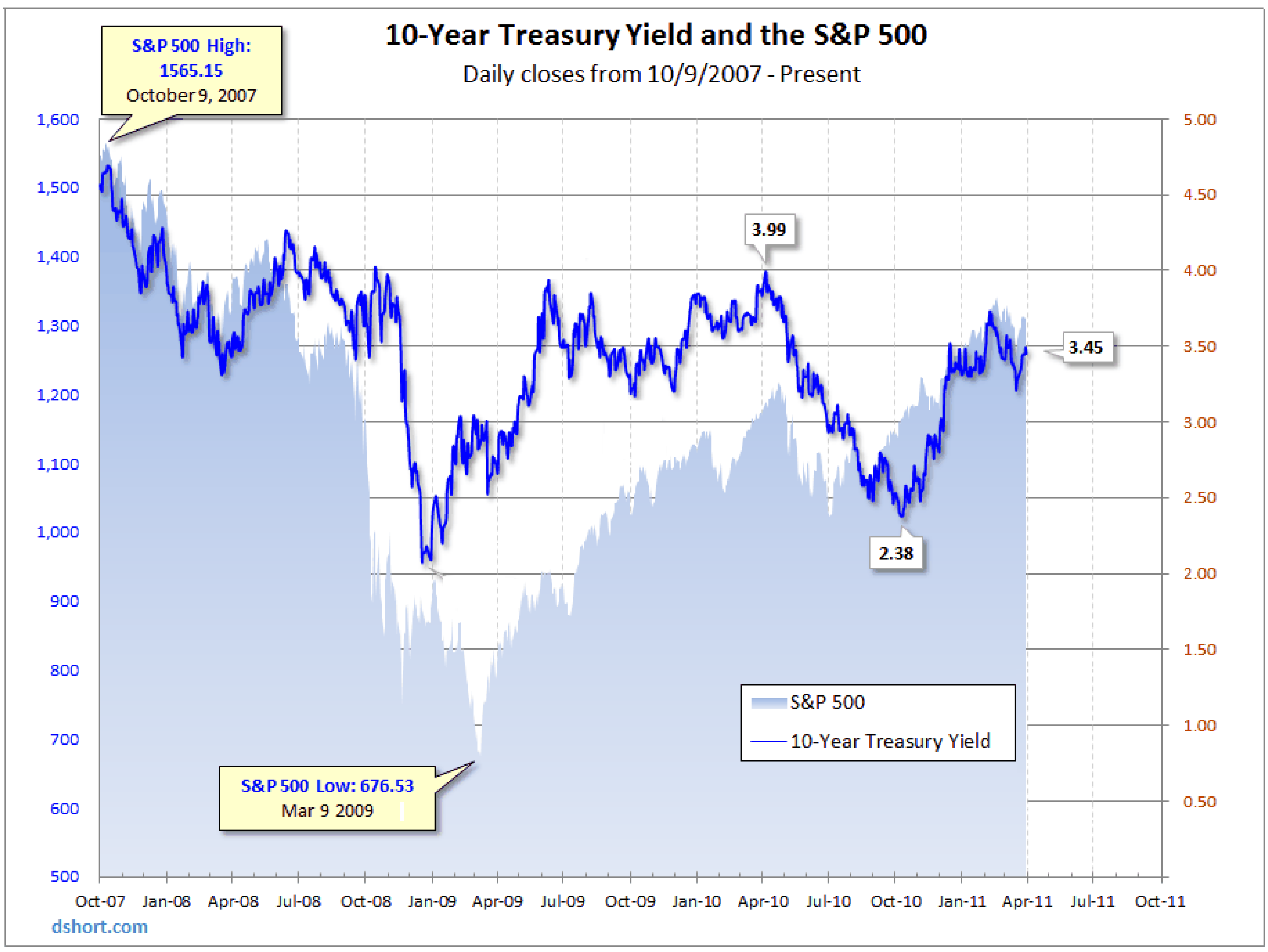
CHART OF THE MONTH

APRIL 2011

As depicted in the graph below, the 10-year Treasury yield and the S&P 500 have exhibited a strong correlation over the past three-and-a-half years. This relationship has primarily been a function of the direction of the economy. The contracting economy in late 2007 through early 2009 produced lower Treasury yields and lower stock prices. Subsequently, the expanding economy from 2009 through the present has generated higher Treasury yields and higher stock prices.

We believe the correlation is likely to remain intact for the foreseeable future. If we are correct, continued improvements in the economy should lead to somewhat higher bond yields and stock prices. That said, we are keeping a watchful eye on the 10-year Treasury yield as a move above 4.00% could pose a headwind for stock valuations. However, it is our belief that corporate profits should continue to increase and exert a more positive influence over stock prices than the negative effects from prospectively higher bond yields.

The link between the 10-year Treasury yield and the S&P 500 will be broken at some point but probably not until the economy is closer to the peak in the cycle. In the meantime, the trend remains our friend.



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