

Dear Clients and friends,

April 2013

During the last week of March, 2013 the S&P500 joined the Dow Industrials in reaching all-time highs, last seen in March 2000 and October 2007. Just seeing those dates, both associated with market tops can send a shiver down your spine, but the earnings, sales, dividends and book values for stocks are cheaper now than in both prior periods. Cash levels are higher and corporate debt levels lower – very good for sustained dividend payments.

The effects of the Sequester have not become fully evident in the macro economic reports and we feel during the quarters to come, a slight reduction in consumer spending due to layoffs and decreased capital spending may become evident. Normally, the markets would have retreated upon the official start of the Sequester but this did not take place. Further, the US markets have shrugged off how Europe dealt with the fiscal woes in Cyprus; thus we expect any upcoming market retreat to be fairly swift and painful enough to send those retail investors, just joining the stock market rally to run. This could create a buying opportunity, which we would welcome. What could change our minds? North Korea starting a war and Italy being treated the same way Cyprus was, should they be next to receive a bailout.

Bond markets turned in a mixed performance for the first quarter with traditional high grade corporate, municipal bonds, treasuries and foreign bonds retreating while floating rate, convertibles and zero coupons advanced. Absent a global recovery, supplemented by the US Federal Reserve confirming easy monetary policy, rates should remain range bound at this time. Our diversified active bond strategy helped our clients to achieve overall stable bond values for the quarter.

Tax planning is more important than ever for the majority of our clientele subject to some or all of the following; increased taxes: payroll, Medicare Hospital Insurance, capital gain, dividend, and ordinary income. The phase out of the personal and AMT exemptions, along with the phase out of itemized deductions should not catch you off guard. As many of our clients have just finished filing their 2012 tax return, please update us with your current and projected tax rate and the information found on your Schedule D (carry forward loss information, if any). We will use this information towards achieving for you the highest possible after tax return.

Some noteworthy events have occurred here at United. Due to the amount and capacity of our trading bulk equity shares, we are now required to report our holdings to the SEC on a quarterly basis, Lee DeLorenzo has earned her Certified Private Wealth Advisor designation, after successful studies at University of Chicago's Booth School of Business with examination, and our Chartered Retirement Planning Counselor, Gregg Schiro, has been quoted by the Wall Street Journal with his views on the market's charts!

Respectfully submitted by the Professional Staff and United Asset Strategies, Inc.