



April 2011

To our clients and friends,

The current events of the first quarter of 2011 will not soon be forgotten. As of this writing, Japan's nuclear power plants are unable to control the radioactive waste or effectively cool the cores. Aftershocks are taking place at sporadic intervals and their nation is just starting to address the rebuilding process. The disaster will delay what was already a fragile economic recovery of the once, second largest economy in the world. We believe it prudent to allow time for stabilization of the nuclear situation, analysis of the long-term effects on human life and their nation's gross domestic product before committing investment directly to this country.

The unrest in the Middle East and delayed elections in Nigeria helped to increase the price of oil which has shown up at the pumps in the cost of gasoline. America does not rely on the Middle East for oil, rather we import oil mainly from Canada, Mexico and Venezuela (with light sweet crude from Nigeria). We will remain overweight energy via common stock of integrated oil companies, oil services firms and other alternative energy companies. We believe this sector will continue to outperform going forward. To date, the increase in gasoline prices has subdued the expansion in consumer spending and dampened consumer sentiment but has not been significant enough to cause a double dip recession or reverse many positive economic trends.

We expected a drawn out budget resolution battle and increasing uncertainties as a result of QEII's expiration (government stimulus program) on June 30, 2011, thus causing bond prices for US treasuries to continue to fluctuate while rising. Rising bond yields can be viewed from two different angles; first, lower bond valuations as bond prices move inversely to yields and second, an opportunity to lock in higher rates for investors seeking income. Opportunities continue to present themselves in the municipal bond market due to pricing inefficiencies, lack of liquidity and panic selling during state budget negotiations. Based on our clients unique risk tolerances, we have increased exposure to convertible bonds and begun adding exposure to global bonds.

We are pleased to report that Lee DeLorenzo was recently interviewed and appears as a featured advisor on WallStreetWeek.com and invite you to listen in at [www.wallstreetweek.com/lee-delorenzo/](http://www.wallstreetweek.com/lee-delorenzo/). Please use the password "Lee" to access the interview.

As always, please call us if you have any questions or want to update us on changes in your financial situation.

***The Professional Staff at United Asset Strategies***