THE MARKETS

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THE LAST QUARTER IN REVIEW

A powerful earthquake hit Japan and produced both a tsunami as well as a potential nuclear crisis in March. While the economic consequences are important, the loss of lives are of much more significance and we at Vantage pray for recovery and healing.

US Real GDP	Q 1 2010	Q 2 2010	Q 3 2010	Q 4 2010	Q 1 2011
	3.7%	1.7%	2.6%	3.1%	1.8%

GDP = consumer spending + business investment + government + (exports – imports)
Source: www.bea.gov

The Federal Reserve monetary easing and corporate profits helped produce another good quarter for the equity markets. The economy also continued to expand as the first quarter of 2011 produced 1.8% growth in GDP (advance estimates) after a revised 3.1% in the fourth quarter of 2010.

For the first quarter, the increase in GDP was largely due to positive contributions from personal consumption expenditures (PCE), private inventory investment, exports and nonresidential fixed investment. These were partly offset by lower construction activity as well as reduced federal, state and local government spending. Real personal consumption was up 2.7% for the quarter but still lower than the 4% in the 4th quarter of 2010.

Consumer Price Index	1 Year	3 Year	5 Year	10 Year
	2.16%	1.48%	2.20%	2.36%

Consumer Price Index numbers are annualized through 03/31/2011
Source: www.morningstar.com

The price index for gross domestic purchase increased 3.8% in the quarter. An area that has drawn considerable attention is the price of a gallon of gas which has increased $1 per gallon over the past year. This could have an effect on future personal consumption as well as corporate profit margins.

LOOKING FORWARD

We continue to see strong profits from corporations, but there are still a number of significant economic issues. While the social security tax reduction is providing some stimulus for the American consumer, a portion of this is negated by higher commodity prices.

The Japanese crisis has affected the supply chain in some areas of the technology and automobile industries. Sovereign debt concerns remain in Europe as Portugal has requested fiscal help. In addition the unrest in the Middle East and North Africa have brought about oil supply concerns putting pressure on energy prices.

"Our view is that based on past experience and based on our analysis, is that the end of the program is unlikely to have significant affects on financial markets or on the economy."
Ben Bernanke, Federal Chairman on the ending of QE 2.

As we look forward, it appears the economy is at another crossroads with the Fed's recent easing (QE2) coming to an end in June. The number of added jobs along with its affect on our economy will be watched closely. This recent upward trend of job growth should provide support for the markets if it continues. Based on their solid balance sheets, corporations appear to have the resources for this expansion. Given the employment and housing issues, these resources will need to be invested in payrolls for consumer confidence to continue to grow.

Equity Markets

Overall equities produced another solid quarter of gains as the market climbed despite a natural disaster, political unrest, rising energy prices and government debt issues. The S&P 500 moved up 5.92%. The Australian and Far East Index (EAFE) followed at 3.32% and 1.81% for the Emerging markets in the 1st quarter. Energy was once again the top performing sector with a 17.83% increase. The Industrials, Materials and Health care sectors also had good showings with 8.84%, 7.52% and 6.27% respectively.

We continue to remain overweighed in the technology, energy and health sectors. In addition to the fact that many of these companies within these sectors have solid balance sheets, we believe the demand for these areas should be strong going forward.

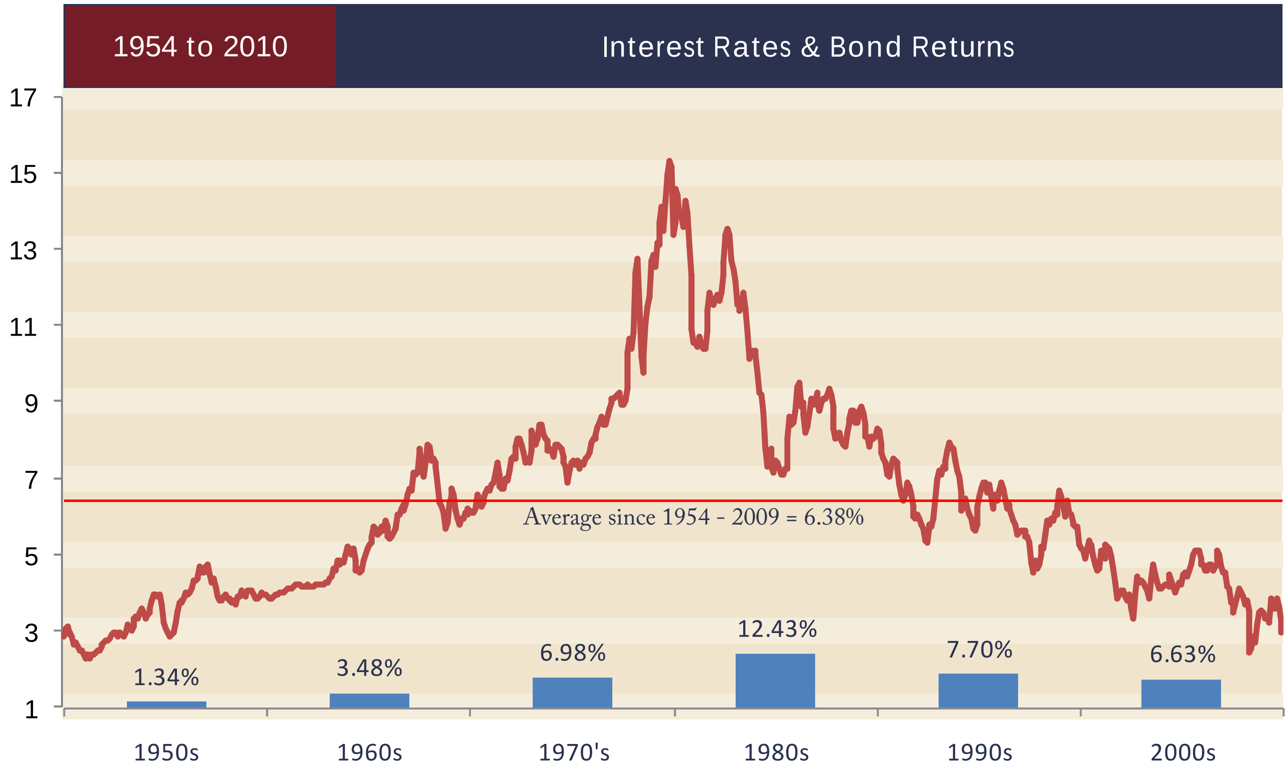
Corporations have continued to increase their spending in technology in the quest for more productivity. This sector has also provided the largest increase in merger and acquisition activity due to some larger technology companies acquiring smaller companies in an effort to add to their future growth. The energy sector has been especially strong due to increasing demand in the developed markets as well as expected profit margin increases due to the higher oil prices. The healthcare sector should continue to do well over the long term due to increased demand brought on by the growing needs of the baby boomer as well as future demand coming from the growing middle class in the emerging markets.

Higher oil prices and the impact of the Fed's quantitative easing ending are drawing the attention of many investors. While it is difficult to know how much the higher energy costs will affect the economy, it is generally thought that prices would need to make another move up in order to have a large impact on the economy. The market appears to be anticipating an end of the easing in June which is the indication provided by the Federal Government. Any significant changes in either of these areas could be used as a catalyst for a pull back in equity prices.

Major Indices	Returns †						Risk †			
	1Q 2011	2010	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year
Barclays Agg Bond Index	0.42%	6.54%	5.12%	5.30%	6.03%	5.56%	2.69%	4.17%	3.59%	3.80%
Barclays Muni Bond Index	0.51%	2.38%	1.63%	4.47%	4.14%	4.66%	4.63%	5.53%	5.13%	4.67%
Dow Jones Industrial Average	7.07%	14.06%	16.51%	3.12%	4.87%	4.73%	16.03%	20.01%	16.43%	15.59%
S&P 500 Index	5.92%	15.06%	15.65%	2.35%	2.62%	3.29%	18.02%	21.89%	17.87%	15.98%
Russell 2000 Small Cap Index	7.94%	26.85%	25.79%	8.57%	3.35%	7.87%	22.91%	27.77%	22.84%	20.95%
MSCI EAFE (Foreign) Index	3.36%	7.75%	10.42%	-3.01%	1.30%	5.39%	21.99%	26.19%	21.44%	18.36%
MSCI Emerging Mrkts Index	2.05%	18.88%	18.46%	4.32%	10.70%	16.79%	19.70%	31.93%	27.92%	24.10%
NASDAQ Composite Index	5.05	18.02%	17.06%	7.86%	4.49%	5.06%	21.12%	24.64%	20.81%	21.96%
DJ Wilshire REIT Index	6.70%	28.07%	24.44%	1.48%	0.66%	11.25%	16.99%	41.37%	33.82%	26.08%
DJ/UBS Commodity Index	4.45%	16.83%	28.49%	-5.20%	2.57%	7.07%	16.33%	23.39%	20.76%	17.59%
Goldman Sachs Commodity Index	11.56%	9.03%	22.73%	-12.41%	-3.34%	4.01%	21.18%	31.44%	27.31%	25.03%

† 1, 3, 5 and 10 year return &risk numbers are as of 03/31/2011. Risk, the standard deviation, is a statistical measure of volatility of a portfolio's return around its mean.

Past performance is no guarantee of future results. Source Morningstar Advisor Workstation



Source: Federal Reserve, as of 9/30/10. **Past performance is historical and does not guarantee future results.** Interest rates represented by the 10-year U.S. Treasury. Bonds are represented by the Barclays Capital US Aggregate Index. This data is for illustrative purposes. Index returns do not reflect fees or expenses. It is not possible to invest directly in an index.

Interest Rates & Fixed Income

The Barclays U.S. Aggregate Bond Index and Municipal Bond index reversed course from last quarter by moving up .42% and .51% respectively. The Morningstar emerging market sovereign index gained .84% for the quarter.

United States debt received a downgrade from Standard & Poors which moved their outlook from stable to negative due to the concerns in the U.S.'s ability to cut its growing deficit. While this action is not immediately very significant in itself, this will hopefully give the government the added incentive needed to work toward a balanced budget. On the other side of the ocean, the European Central Bank raised interest rates in April after four consecutive months of inflation in excess of 2% in the Euro area. How soon the other developed countries follow suit remains to be seen.

In the chart above you will see the history of interest rates from 1954 through 2009. Many bond investors have experienced over two decades of declining interest rates. Since bond prices act inversely to interest rates, this has helped many bond portfolios produce higher than average returns during this period. Assuming interest rates rise, many bond portfolios could perform poorly without this tailwind. We continue to over-weight portfolios with investments that are less sensitive to interest rate movement such as floating rate notes, shorter term bond funds as well as emerging market bonds.

Key Rates				
	Prime Rate	3.25%	10 YR Treasury Yield	3.625%
	1 YR CD Rate	0.98%	30 YR Fixed Mortgage Rate	4.65%

As of May 5, 2011 *Source: Bloomberg.com*

COMMODITIES, REAL ESTATE & ALTERNATIVE STRATEGIES

Commodities moved higher with the Morningstar long-only commodity index advancing 18.7% for the quarter. The Morningstar Agriculture index rose 26.7%, and the Morningstar Energy Index moved up 10.4%. These areas make up a significant portion of the Consumer Price Index (CPI) and the everyday prices the average consumer pays. There is a concern that if prices continue to rise at this fast pace, the economy may begin to lose some of its growth.

We saw from Japan's earthquake how one unplanned event can move global resource markets. Uranium prices fell 25% in the week after the quake as concerns arose about the future of nuclear energy. European natural gas prices rose 13% and coal prices 11%.

While commodities can be volatile they are an important asset class for portfolios as they can offer diversification benefits. They also play an important part in the global economy. The rate of change in the world economy has been perhaps faster than many fully understand. For instance, ten years ago China was not the top trading partner for any nation in the Group of 20 (representative of 20 major economies) but is now at the top for 30% of the group. China and the other emerging countries' consumers have now surpassed the U.S. consumers in their impact on the global economy. This growing consumer base has been increasing their demand for commodities so it is important to recognize the possible opportunities toward investments in this area.

As with all investments, it is of course important to understand the characteristics before investing. We'll briefly address one of the more particularly unique aspects of investing in commodities. This is the fact that when investing in commodities, one is subject to roll yield. Roll yield occurs due to the commodity positions having expirations. Investors usually want to hold onto a commodity position for the long term, but in order to do this they will have to 'roll' (sell the first one and buy a new one) the position from one expiration to another. This results in taking a profit or loss depending on what the new prices are, while attempting to maintain a position in the commodity. In many of our portfolios we use index strategies that use this process for commodity exposure. As always, it is important to consider all aspects before investing. Feel free to contact your Relationship Manager for further information.

"Through wisdom a house is built, and by understanding it is established; and by knowledge the rooms shall be filled with all precious and pleasant riches."

Proverbs 24:3-4

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