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First Quarter 2013 Weather(ly) Report
April 2013

As we entered 2013, global economies were struggling to create balance between growth and austerity. On one hand, central banks around the world continued to hold interest rates artificially low to stimulate investment and encourage growth by corporations and individuals with a continued shift into risk assets. On the other hand, many states, US Federal and foreign governments increased taxes on sales, employees, and income as well as excise taxes to help with budget shortfalls causing a drag on an already slow global recovery. Structural unemployment created an increase in private sector hiring while governments shed workers. The huge mismatch of skills and location in the US workforce has caused 12 million unemployed workers yet still 4 million unfilled positions.

The Federal Reserve program of bond buying and adoption of low interest rates caused increased mergers and acquisitions, stock buy-backs and dividend payouts with idle corporate cash. Artificially low interest rates also helped a continued wave of refinances in the mortgage market and increased liquidity and price improvements in the real estate sector.

Investors were handsomely rewarded during the first quarter for diversification in real estate, small, medium and large cap stocks and international exposure, returning 8.41%, 10.03%, 12.03% 13.06% and 4.40%, respectively. Emerging market bonds, municipal and preferred stocks also delivered positive returns. Key bond indices, including the Barclays Aggregate Bond Index, declined .12% in the first quarter, the first negative quarter since 2006. Low interest rates and low inflation may have seen their best days at this juncture.

Industry group standout performers for the first quarter included employment and training industries, biotech, real estate, travel and consumer electronics. Raw materials, gold and computer hardware were laggards in performance, while innovation and the explosion of ideas continued with the technological revolution in healthcare, education and energy fields.

The US dollar climbed higher as investors continue to seek the relative safety of the greenback despite Bernanke's QE Infinity. The bailout in Cyprus served as a stark reminder of the challenges facing the Eurozone, and while Cyprus is only a small component of the Euro economy, the results of this intervention by the ECB and IMF is extraordinarily important as it sets precedence for future actions should additional countries become defunct.

Weatherly added selectively to many sectors including healthcare, technology, real estate, preferred stocks and covered calls. Yield with upside became the common investment theme while incorporating attractive after tax returns.

Weatherly's "Top Ten", our largest holdings, are shown below:

"Top Ten" Holdings *

1. Apple Inc.
2. Roche Holdings AG
3. Home Depot Inc.
4. McKesson Corp.
5. Pepsico Inc.
6. iShares Select Dividend
7. General Electric Co.
8. Du Pont de Nemours & Co.
9. Volkswagen AG
10. AT&T Inc.

Clients of Weatherly Asset Management (WAM) received their first quarter portfolio appraisals. The composite returns for all accounts under management for the periods 2003 through first quarter 2013 and since inception are shown on the reverse side of this letter.

Our objective with clients for 2013 is to deliver positive risk adjusted returns. A batch of weak economic news and the reality of higher taxes during 2013 began to put a damper on business spending and consumer confidence. With diligence and a focus on diversification, yield and managing risk we were able to deliver on this goal for our clients. We appreciate your continued confidence in our Firm and look forward to working with you and your family on your particular financial needs. Please do not hesitate to call, or e-mail us at carolyn@weatherlyassetmgt.com.

***Please see reverse side**

-The Weatherly Crew

* TOP TEN DISCLOSURE

"Top Ten" holdings consist of Weatherly's largest stock positions as of quarter end. A full list of holdings is available upon request.

It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

	*WAM Equity** (gross of fee)*	*WAM Equity (net of fee)*	*S&P 500*	*WAM Fixed** (gross of fee)*	*WAM Fixed (net of fee)*	*Merrill Lynch 1-3 year*	*WAM Balanced** (gross of fee)*	*WAM Balanced (net of fee)*	*Blended Benchmark*
2003	**28.70%**	**27.70%**	**28.69%**	**2.89%**	**2.38%**	**1.90%**			
2004	**14.70%**	**13.70%**	**10.87%**	**4.05%**	**3.55%**	**0.91%**			
2005	**12.65%**	**11.65%**	**4.92%**	**2.43%**	**1.93%**	**1.66%**			
2006	**16.21%**	**15.21%**	**15.78%**	**4.94%**	**4.44%**	**3.95%**			
2007	**11.18%**	**10.18%**	**5.49%**	**5.47%**	**4.97%**	**7.32%**			
2008	**-34.04%**	**-35.04%**	**-36.99%**	**-0.95%**	**-1.45%**	**6.61%**			
2009	**32.36%**	**31.36%**	**26.47%**	**10.63%**	**10.13%**	**0.78%**			
2010	**11.93%**	**10.93%**	**15.06%**	**6.77%**	**6.27%**	**2.35%**			
2011	**-5.58%**	**-6.85%**	**2.12%**	**4.37%**	**3.87%**	**1.55%**			
2012	**16.36%**	**15.36%**	**16.00%**	**5.99%**	**5.49%**	**0.43%**	**11.84%**	**11.04%**	**8.22%**
1st Quarter 2013	**8.22%**	**7.97%**	**10.61%**	**0.58%**	**0.46%**	**0.12%**	**5.18%**	**4.98%**	**5.37%**
Since Inception *(Ann.) Please see footnotes*	**8.93%**	**7.93%**	**8.99%**	**5.57%**	**5.07%**	**4.47%**			

** PERFORMANCE DISCLOSURE

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 1/1/11 meet the requirements of the revised version of Global Investment Performance Standards (GIPS).

The gross of fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly's Form ADV. For the 1st Quarter 2013, the maximum quarterly management fee is 0.25% for Weatherly's Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the average weighted quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, and for 1995-2008 combined, 6.36% for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%. for 1995-2012 combined, 7.58%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR) effective 1/1/06 to 1/1/11. Weatherly 2010-2012 Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite.

These performance numbers are provided under the flash reports provision of these said standards. "As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e. "Flash numbers") without quarterly disclosures." A full presentation, including all required disclosures, is available upon request.

The WAM Balanced Composite represents portfolios utilizing strategic asset allocation with both equity and fixed income components. The Blended Benchmark is comprised of 50% S&P 500 and 50% Merrill Lynch 1-3 Year representing the average 50% Equity and 50% Fixed Income allocation in the Composite.