



# The Only Game in Town

Market Update from Jim Ulland

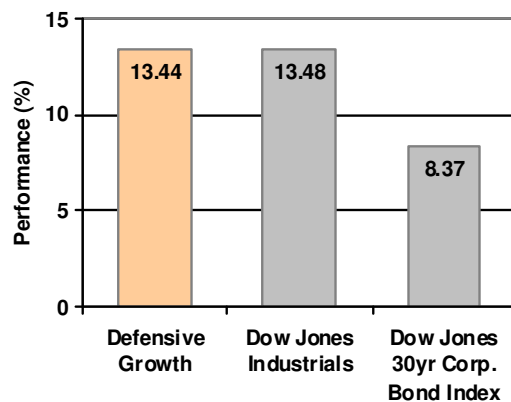
On January 14<sup>th</sup>, protestors succeeded in ousting Tunisia’s long-time ruler. A little more than a month later, on February 25<sup>th</sup>, Egypt’s president was forced to step down as violence escalated in Cairo. These two events set off a wave of popular uprisings in Libya, Bahrain, Syria, and Yemen among others. On March 11<sup>th</sup>, a 9.0 magnitude earthquake struck off the coast of Japan, spawning a thirty foot tsunami wave that obliterated some coastal towns and caused a nuclear crisis. Just a week later, Allied forces began airstrikes in Libya ostensibly to oust another of the region’s embattled dictators. All this and we haven’t even mentioned that US unemployment remains very high at 8.8 percent.

Uncertainty is the new normal and is an important reason why we continue to advise clients to remain defensive despite some improvement in stocks. Our *Defensive Growth Strategy using Trust Preferred Securities* has provided shelter in this storm of uncertainty. In today’s environment, we recommend investors choose the relative high certainty of Trust Preferreds versus the uncertainty of common stocks. The Trust Preferred strategy yields over 7 percent, which coincidentally is nearly the long-term average return of the stock market, yet Trust Preferreds are 75 percent less volatile.

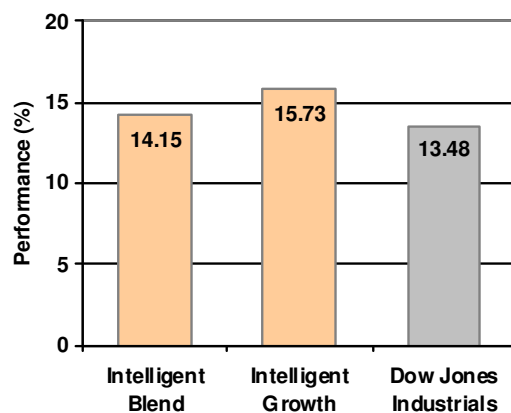
The Dodd-Frank financial reform bill, in essence, converted Trust Preferred shares from long-term securities to intermediate-term ones by accelerating the expected redemption period to between 2013 and 2016. This development put a floor under Trust Preferred share prices, even in the event of rising interest rates.

## Last 12-Months Performance

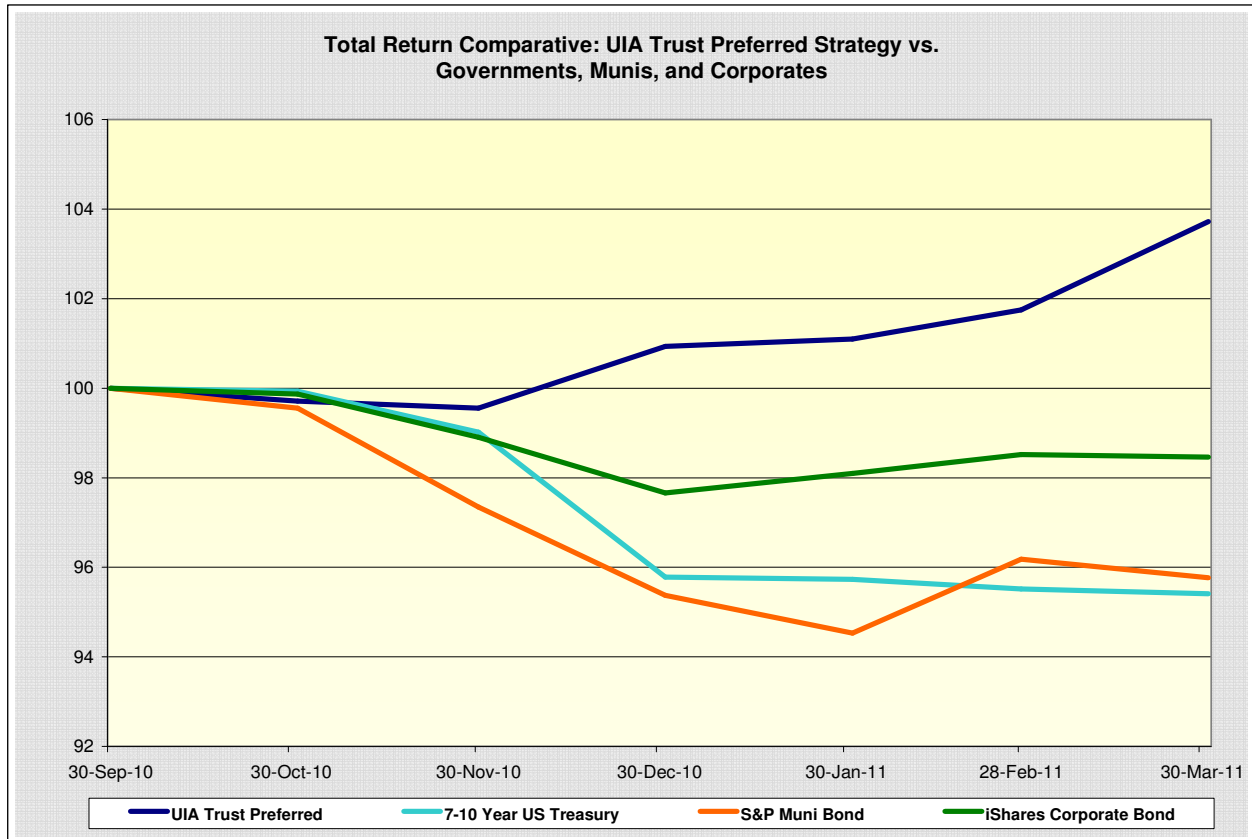
3/31/10 through 3/31/11



Our Defensive Growth strategy gained 13.4%, after fees, vs. 13.5% for the Dow Jones Industrials and 8.4% for the Dow Jones Corporate Bond Index. Defensive Growth portfolios hold varying amounts of equity and fixed income. Trust Preferreds securities are the largest holding.



Intelligent Blend and Intelligent Growth portfolios returned 14.2% and 15.7%, respectively, the last 12 months while the Dow Jones Industrials gained 13.5%. Intelligent Blend & Growth portfolios lagged the Russell 3000 and 2000 Indices, respectively, during this period.



The chart above highlights Trust Preferred portfolios' outperformance relative to fixed income alternatives over the last 6 months. Interest rates moved up in November and December causing a sharp decline in treasuries, corporates, and munis. However, Trust Preferred securities not only increased in value over this period, but opened a very attractive spread versus the alternatives. From a risk/reward perspective, we think Trust Preferreds are the only game in town.

### Wading Back into Stocks

Certain sectors of the stock market are attractive for those who are ready to increase this allocation. We like Oil & Gas, particularly the robust developments in the Bakkan shale region of western North Dakota. Domestic energy producers also have benefitted from the supply disruption caused by the war in Libya.

Foreign ETFs have been depressed by the political unrest in the Middle East. The countries growing

two to three times the rate of the US should have strong returns as should US companies exporting to these growth regions. For the rest of the market, we feel undervalued companies in special situations are more favorable than any particular sector.

### Opportunity

2011 calls for strategic action...like the Twins' acquisition of a new Japanese second baseman: great defense and solid offense. And, yes, the Twins are the other game in town!

**Our Defensive Growth Strategy using Trust Preferred Securities has provided steady returns during this uncertain market environment.** Investors can transfer stocks or start with cash. Our minimum account size is \$300,000.

If you would like to meet with us, please call Keith Wolter at 612.312.1407 or email him at [keith.wolter@ullandinvestment.com](mailto:keith.wolter@ullandinvestment.com). Visit our website - [www.ullandinvestment.com](http://www.ullandinvestment.com).

Performance figures are subject to revision. On July 1, 1997, Ulland Investment Advisors started offering the Intelligent Growth style to the public. On July 1, 1998, Ulland Investment Advisors started offering the Intelligent Blend style. Performance is calculated following GIPS standards. Only annual performance will be verified. Annual performance may vary when the verification process is complete. Performance is shown on a time-weighted basis as calculated on Axy's portfolio software. Performance is presented net of fees. Calculations are based on the reinvestment of dividends and gains unless these amounts were paid out to the client. Performance does include situations in which clients requested that certain securities be allowed to exceed 10% of the portfolio's value. It should not be assumed that recommendations made in the future will be profitable or will equal the performance shown above. Lurie, Besikof, Lapidus & Co., LLP of Minneapolis has examined past performance figures. Their report is available upon request. If you would like a copy of our SEC Form ADV II, please contact the firm at the address below.