AMM

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THE BIG PICTURE - INFLATION WATCH

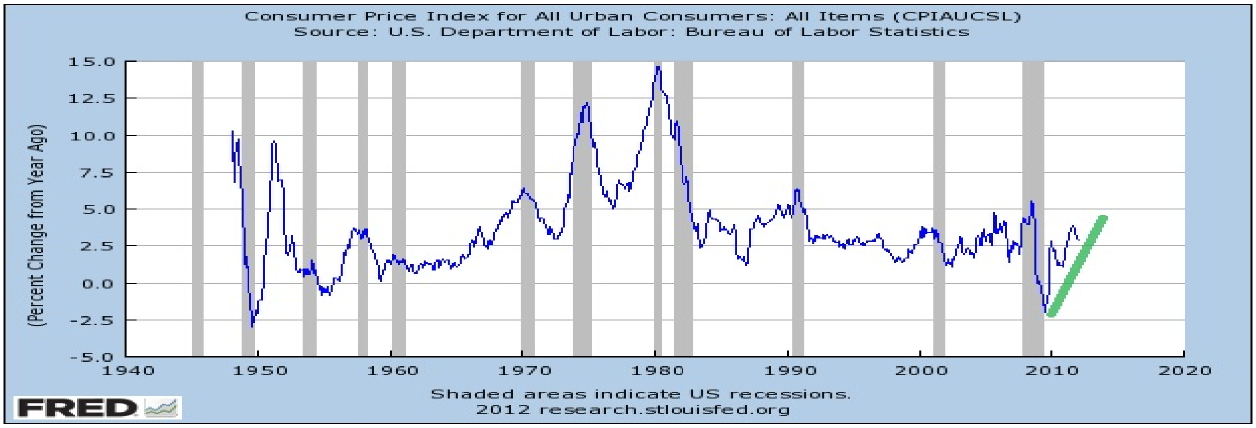

Exhibit A

Over the last several years, Fed policy has been focused squarely on improving economic growth through a strategy of low rates and asset purchases (i.e. printing money). This strategy is intended to increase the level of inflation and has so far been successful (Exhibit A). While most of us have been taught to view inflation negatively, the depths of the 2009 crisis gave us a glimpse of something even scarier: a deflationary environment where the value of everything (real-estate, stocks, etc) declines. While inflation reduces our purchasing power over time, deflation can have a more immediate and, as we saw in 2008/09, destructive effect on our wealth today. In its most dangerous form, this erosion of wealth infects investor psychology to the point where people withdraw from more volatile assets like stocks which drives prices even lower creating a deflationary spiral. ***Despite a few deflationary shocks like last summer's debt ceiling debacle, the Fed's efforts have been mainly successful in re-flating assets and, by extension, underlying wealth and consumer confidence. Unfortunately, the Fed's actions have also been costly resulting in high prices for food and energy, while record low interest rates have penalized conservative savers, costing seniors billions of dollars in lost interest income they had relied upon.***

Perhaps the biggest risk investors face over the next 10 years is being too risk averse. Given the stock market volatility and muted returns of the last decade it is easy to understand why one may choose a risk aversion strategy; however, over the long-run this kind of strategy is unlikely to produce sufficient returns to outpace inflation. Further complicating matters for risk averse investors (especially those with a majority of their savings in bonds or bond funds) is the risk posed by rising interest rates. An investor in 10 year US Treasuries (often referred to as a "risk free" asset) would see the principal value of his position erode by more than 14% following a 1% rise in rates. In Berkshire Hathaway's 2011 annual report, referring to government bonds, Warren Buffet went as far as saying that "They are the most dangerous of assets. Over the past century, these instruments have destroyed the purchasing power of investors in many countries, even as the holders continued to receive timely payments of interest and principal."

It is important to note that while we have serious concerns regarding the risks to bond holders of inflation and rising rates, not all bonds are necessarily bad investments in this environment. In fact, for many of our more conservative accounts, bonds will continue to play an important role in their overall asset allocation. In the section on bonds below, we provide more detail on the kinds of fixed income instruments we are investing in now. As always, we remain committed to helping our clients navigate the current investment landscape, making prudent investments within the boundaries of their tolerance for risk and investment time horizon.

(OVER)

Where We Are Investing Capital Now*

The following grid provides a historical view of asset class returns in different inflation environments over the last 40 years. We believe the lower left quadrant, which represents *low and rising* inflation, is most likely the kind of environment that we are in right now. Historically, this type of environment has proven positive for assets like stocks and commodities, while less "risky" assets tend to underperform.

HIGH & RISING INFLATION				HIGH & FALLING INFLATION			
Bonds	Stocks	Cash	Commodities	Bonds	Stocks	Cash	Commodities
5%	2%	7%	13%	18%	23%	8%	-15%
LOW & RISING INFLATION ~ *Current Conditions*				LOW & FALLING INFLATION			
Bonds	**Stocks**	**Cash**	**Commodities**	Bonds	Stocks	Cash	Commodities
6%	**20%**	**3%**	**17%**	8%	12%	4%	6%

**Source: J.P. Morgan Asset Management*
High or low inflation distinction is relative to median CPI-U inflation (3.3%) for the period 1971-2011. Rising or falling inflation distinction is relative to previous year CPI-U inflation rate. For illustrative purposes only. Past performance is not indicative of comparable future returns.

Diversifying Assets
Diversifying assets include investments (commodities, real estate, etc) with risk/return profiles that are different than stocks and bonds. We use the term diversifying since they generally provide a broader degree of diversification to a traditional stock/bond asset mix. In the first quarter, we increased our exposure to investments tied to the Dow Jones Commodity Index and to our primary Gold/Silver position, The Central Fund of Canada (CEF). Both precious metals and other commodities like oil and gas are considered "hard assets" and should act well in an environment of rising inflation.

Bonds
The key issue in fixed income investing is selecting the right kinds of bonds given the outlook for inflation, the economy, interest rates, etc. Currently we continue to favor investing in a mix of high quality, shorter-term bonds as the core of a conservative portfolio mixed with smaller positions in mortgage backed securities, floating rate notes, unconstrained bond strategies and emerging market / international bonds. While the yields on shorter-term bonds are relatively low, the nature of the short-maturity (typically < 5 years) should allow us to reinvest proceeds at higher yields in the future. Additionally, the prices of these bonds should be less affected by a rise in long-term rates.

For growth oriented and balanced portfolios, we have recently added a position to floating rate notes and unconstrained bond strategies while reducing exposure to emerging market bonds and inflation linked bonds (TIPs). Floating rate notes are tied to an adjustable short-term rate like LIBOR; as rates increase so shall the yield on these notes. Unconstrained bond strategies focus on generating returns in any environment so they can adjust their sensitivity to rising interest rates and inflation, invest outside the US dollar with a portion of their portfolio, and short (i.e. bet against) various sectors of the bond market.

Stocks

We remain optimistic about long-run stock returns. Current valuation levels, while not as cheap as a few months ago, remain reasonable while government bond yields remain depressed. In the first quarter, we added exposure to Japanese (EWJ) and German (EWG) equities. In January, the Japanese Central Bank initiated an inflation goal of 1%, a first for the country, indicating to investors that they are committed to the monetary inflation "playbook" that is so familiar to American Fed policy. Given the long underperformance of Japanese stocks, we feel the recent changes to their monetary policy may act as a catalyst for a period of strong stock market returns. Like Japan, the European Central Bank has also shown a willingness to use inflation as a tool to help them resolve their long-term debt issues. We feel Germany is the higher quality way to play the European recovery.

More recently we added shares to the US banking sector via the SPDR S&P Bank ETF (KBE). Banks remain well below their pre-crisis highs, and recent stress test results have allowed many banks to either initiate or increase their dividend payouts. While banks may not see their prior highs for some time, we still expect nice upside in these stocks as the economy continues to recover.

In the US, we continue to favor dividend paying stocks and smaller growth oriented companies. The need for portfolio income among retiring baby boomers is high and growing which we believe will place a premium on companies with strong and sustainable dividend policies and a willingness to increase dividend payouts each year. Nevertheless, the Bush-era dividend tax rate is set to expire in 2013 (increasing from 15% to as high as 39.6% depending on tax bracket) which would make dividend stocks less attractive on an after tax basis. The riskiest election scenario for these positions would be a democratic sweep of Congress and the White House which would all but assure these changes take effect. While current polls suggest that this outcome is unlikely, we will be following the upcoming election season closely and may make tax related portfolio adjustments if conditions change.

**We manage several different portfolio strategies, so not every client has exposure to the securities listed above. In addition to growth and/or income oriented asset allocation strategies, we also manage more concentrated equity portfolios that generally carry a higher degree of risk and volatility. Please contact us if you want to discuss your portfolio strategy or any of your investments in greater detail.*

1st Quarter In Review

Year to date through March 31st, the S&P 500 increased 12.6%, international stocks (EAFE) increased 10.8%, and bonds (BarCap US Aggregate Index) inched higher by .24%.

Enclosed is an updated copy of our firm's ADV brochure as of March 31st, 2012. Should you have any questions regarding your investment accounts, or if there have been any recent changes to your investment and/or retirement objectives, please do not hesitate to contact our office.

As always, we thank you for entrusting AMM to help you achieve your investment and retirement objectives.

Your Portfolio Management Team

Gabriel Wisdom, *Managing Director*
Michael Moore, *Chief Investment Officer*
Jim Rhodes, CFA, *Executive Director*
Vicki Ohara, *Operations Manager*
Glenn Busch, *Portfolio Manager*
Adele Canetti, *Portfolio Manager*
Robert Frazier, *Investment Advisor*
Bryan Case, *Investment Advisor*
John Nyaradi, *Investment Advisor*

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