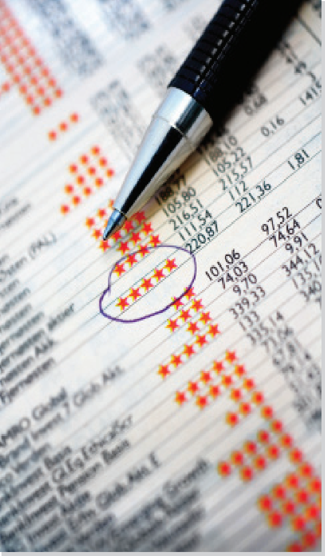

Citrin Cooperman Wealth Management, LP Quarterly Report April 2011

An update of current marketplace conditions

Economic and Financial Market Analysis

Markets had a favorable first two months of 2011 driven mainly by optimistic fourth-quarter corporate results. International and geopolitical events in the Middle East and North Africa caused some minor pullbacks during March, while continued sovereign debt issues and credit downgrades in Europe, along with the multiple environmental issues in Japan, caused overall market volatility to increase during the quarter.

The Standard & Poor’s 500 Index (S&P 500), Dow Jones Industrial Average, and NASDAQ Composite Index returned 5.92%, 7.07% and 5.05%, respectively, for the first quarter of 2011. Interestingly, each of the S&P 500’s ten major sectors gained value during the first quarter of 2011, with industrials and energy leading the pack.

The fourth quarter of 2010 ended strong with the S&P 500 up 6.68% in December, 10.76% for the fourth quarter, and 15.06% for the year. Although equity returns exceeded most expectations, the path to achieve these results was not an easy one. The first eight months of the year were characterized by a large amount of volatility. Nervous investors fled from equities at any hint of negative news, resulting in the significant gains of one month being wiped out by sharp sell-offs the next. This pattern continued through the beginning of September, when improved sentiment finally took hold of the equity markets. The last four months were a much smoother ride, and although there were moments when the market stalled to take a breather, there were none of the sharp declines that characterized the first eight months of the year.

The world economy has continued to recover from the recession, although at a pace that is slower than historical norms. Despite the moderate pace of the recovery, economic conditions show signs of improvement. Estimates show that the U.S. economy likely grew at a 4% pace during the 4th quarter of 2010. Corporate sector finances are in good shape, and companies are increasing capital spending and hiring. This is related to a strong trend in margins and profit growth. For example, sales of S&P 500 companies increased by a median 8.3% during 2010. Consumer spending also shows signs of improvement with strong retail sales, especially during the holiday season.
The job market remains a concern as any increase in unemployment could represent an increase in downside risk. However, there are signs that the labor market is beginning to improve. Surveys in recent months have shown stronger than expected job creation, while applications for unemployment have declined. A recent survey of economists forecasted that the U.S. will add 2.5 million jobs

in 2011, which would be the best year for job gains since 1999. Despite potential gains, the unemployment rate is likely to stay above 9% for 2011.

Risk to the Recovery

It is likely that the U.S. will continue on its current recovery path, but there is still the potential for downside risk. History has shown that once the economy begins a recovery, it is unlikely to slip back into recession unless there is a major shock to the system. Although the likelihood of a near-term crisis is low, there are a number of potential hazards that could derail the current recovery.

Further escalation of the Euro-zone fiscal crisis could also have a big negative impact on the U.S. and global economies. Although U.S. banks have very little exposure to the debt of the affected countries, they still are indirectly affected, if only by the impact it would have on European banks. Memorably, Russia's default in 1998 triggered a sovereign debt crisis in Latin America. The current European crisis has been contained so far without correcting the underlying issues, but markets are putting growing pressure on governments to come up with a solution.

Domestically, debt on the Federal, state, and local levels continues to be a concern. There has been speculation about the possibility of a wave of municipal bond defaults. State and local finances certainly took a hit during the recession, but on the whole, those claims were highly exaggerated. State and local governments have already benefitted from the recovery, with revenues growing faster than expenditures. Many states have actually begun to show budget surpluses. Additionally, balanced budget provisions have kept debt burdens relatively low. It is much more likely that concerns over the Federal debt begin to drive up Treasury yields and drive down the dollar. While this remains a relatively small risk, it cannot be dismissed entirely.

Investment Conclusions

Although downside risk warrants a degree of caution, we expect equities to outperform most other asset classes. By historical standards, stocks are fairly valued, and moderate growth in the GDP should lead to further gains in earnings. Despite an improvement in investor confidence in recent months, we expect a return to the volatility that characterized much of 2010. On the downside, this volatility adds to the already high level of uncertainty in the markets, but it also affords opportunities to deploy cash during market dips without losing sight of your long-term target asset allocation.

Market Metrics

Equity Class	Index	1Q 2011 Return
Large Cap	S&P 500	+5.92%
Mid Cap	Russell Mid Cap	+7.63%
Small Cap	Russell 2000	+7.94%
International	MSCI EAFE	+3.45%
Emerging Markets	MSCI Emerging Markets	+2.10%

Fixed Income Class	Index	1Q 2011 Return
U.S. Taxable	Barclays U.S. Aggregate	+0.43%
U.S. Non-Taxable	Barclays Municipal	+0.50%
Inflation Protected	Barclays TIPS	+2.08%
International	Barclays Global Treasury Ex U.S.	+0.97%
High Yield	Barclays High Yield	+3.88%

Asset Class	Index	1Q 2011 Return
REITs	Wilshire REIT	+6.73%
Commodities	S&P GSCI	+11.56%
Absolute Return	HFRX Absolute Return	+0.50%

Global Fixed Income

Global fixed income includes debt issued by foreign countries and entities, public and private, within such countries. The international markets offer a wide array of fixed income products such as sovereign, agency, inflation-protected and corporate bonds, as well as mortgage-backed and asset-backed securities.

Global fixed income can be divided into two broad categories: developed markets and emerging markets. Developed markets are those which have reached a certain stage of economic stability and complexity, and are thus considered less risky. Standard & Poor's classifies 26 countries as developed markets, including for example, most Western European countries, Australia, Japan, and Canada.

Emerging markets are the nations whose economies are not completely mature and are in various stages of development. These markets include, for example, Latin America, Eastern Europe, Africa, Russia, the Middle East (excluding Israel), and Asia (excluding Japan).

Within the developed and the emerging bond markets, there are clearly defined sub-groups. For example, the BRICs (Brazil, Russia, India, and China) are countries which are generally considered to be at a similar stage of newly advanced economic development. Another group is the PIGS (Portugal, Italy, Greece, and Spain), which share a common issue of their sovereign debt markets faltering.

As a comparison, below are the yields on 10-year Government bonds for various countries:

Country	10-Year Government Bond Yield
United States	3.57%
United Kingdom	3.81%
Japan	1.33%
Australia	5.64%
Brazil	12.83%

Source: Bloomberg

The markets of modern emerging market debt originated in 1980 and have been increasing in size, quality, transparency, and liquidity ever since. The International Monetary Fund estimated that the total size of this market was $3.3 trillion in 2006.

Within the emerging markets, the proportion of countries that are rated "investment grade" is also rising, and is currently about 40%. According to the publication "Managing Investment Portfolios: A Dynamic Process," Mexico, for example, can borrow money at almost the same rate as the United States.

Global fixed income and emerging market debt historically have low correlation to United States debt, and thus may offer significant diversification benefits within a fixed income portfolio, as well as attractive returns. Of course, as with any international investment, the investor faces a possibility of gain (or loss) on the currency portion of the investment (if the fund is "un-hedged"). For example, assume an investor owns a fund that is un-hedged against the United States dollar. If the foreign currency strengthens against the United States dollar, when that money is converted into United States dollars the return realized on the investment will be higher because the foreign currency purchases more Unites States dollars. The opposite may happen as well, so an un-hedged fund is not necessarily to an investor's advantage. In some more developed emerging markets, this currency risk can be hedged away. In respect to many emerging market countries, however, a robust currency market does not exist, and thus the investor assumes all or most of the currency risk.

CCWM views global fixed income as a separate and distinct asset class. We believe that exposure to this asset class offers potential benefits to an investor's asset mix as a component of an overall fixed income position.

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