



SIZEMORE CAPITAL MANAGEMENT

2011 First Quarter Investment Outlook and Commentary

To Our Investors,

2011 is shaping up to be another good year for Sizemore Capital Management and our clients. **Through the first quarter our actively-managed Tactical Portfolio returned 5.5%, marginally underperforming the 5.9% for the S&P 500 Total Return Index but with less volatility.**

Portfolio Review

SCM Strategic Portfolio Allocations

Our returns for first quarter 2011 on the passive **Strategic Portfolio Allocations** were the following:

Preservation of Capital	0.2%
Conservative Income	2.5%
Growth and Income	3.5%
Growth	4.1%
Aggressive	5.0%

All SCM Strategic Portfolios—even the Growth and Aggressive allocations—underperformed the S&P 500 in the first quarter. While disappointing, the results were not particularly surprising. The first quarter favored cyclical, smaller-capitalization, and more speculative sectors while many of Sizemore Capital Management's growth sectors—such as non-U.S. large caps, dividend-focused equities, and master limited partnerships—lagged. Curiously, given the preference for more speculative issues, emerging market shares also lagged due primarily to inflation concerns in China, India, and Latin America. Sizemore Capital Management expects better relative performance from these sectors in the remainder of 2011.

SCM Tactical Portfolio

Sizemore Capital Management made one significant change to the Tactical Portfolio during the first quarter of 2011. Believing that little upside potential remains, we sold our long-term holdings in high-yield “junk” bonds, realizing equity-like returns with significantly less volatility.

Junk bond yields hit all-time lows during the first quarter, and junk spreads over Treasuries of comparable maturities narrowed significantly. Furthermore, the supply of new junk issues hit record highs as companies flooded the market in an attempt to take advantage of historically-low yields. March 2011 beat the previous monthly record for junk new issuance with \$47 billion worth of bonds sold, according to Thomson Reuters.

Under these conditions, we felt the time was right to liquidate our position in the sector. Shortly thereafter, we initiated a new position in emerging market consumer stocks. Emerging markets have significantly underperformed American stocks since the fourth quarter of 2010, and valuations are presently quite attractive. We considered the first quarter an excellent opportunity to rebalance into what will likely prove to be the best performing asset class of the next decade.

We also want to reiterate our bullish view on our three contrarian sector investments in utilities, global telecom, and health care. As the first quarter neared its close, investors appeared to be slowly realizing the attractiveness of global telecom and health care. Utilities continue to lag, due in part to fears stemming from the Japanese earthquake and nuclear crisis. We continue to view all three as highly-attractive contrarian value plays and anticipate no immediate portfolio changes.

For a current summary of Sizemore Capital Management's investment thesis in these sectors, please see <http://sizemoreletter.com/volatile-spring/>

Looking Ahead

We are off to a great start in 2011, and we only see this accelerating as the year progresses. If, as we expect, investors shift from a growth focus to a value focus, our Tactical Portfolio should soundly bet the market for the year. But, should investors continue the same buying patterns of the past two years—which has favored cyclical and more speculative sectors—then our portfolios will slightly lag the broader market.

We continue to allocate capital where we see the greatest value, with a strong focus on dividends and dividend growth. There are bargains to be found in this market, and we intend to continue exploiting them.

Respectfully,

A handwritten signature in blue ink that reads "Charles Sizemore". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Charles Lewis Sizemore, CFA
Chief Investment Officer, Sizemore Capital Management, LLC