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Insight

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First Quarter Market Snapshot

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Amid improved expectations for economic growth and employment, global equity markets continued to rally, with U.S. markets outperforming the rest of the world in the first quarter of 2013. Here's a snapshot of how the indices of several asset classes performed for the quarter and for the last year through March 31, 2013.

1st Quarter, 2013 Market Performance

Russell 2000 Index	12.4%
S&P 500	10.6%
DJ Global Real Estate Index	6.5%
MSCI ACWI Index	6.5%
MSCI EAFE Index	5.1%
S&P GS Commodity Index	0.6%
Barclays U.S. Aggregate Bond Index	-0.1%
MSCI Emerging Markets Index	-1.6%

Trailing 12 Month Market Perfomance

Russell 2000 Index	16.3%
S&P 500	14.0%
MSCI EAFE Index	11.3%
MSCI ACWI Index	10.6%
DJ Global Real Estate Index	6.5%
Barclays U.S. Aggregate Bond Index	3.8%
MSCI Emerging Markets Index	2.0%
S&P GS Commodity Index	-5.0%

Source: Morningstar Direct. Past performance is not necessarily indicative of future performance. All investments may lose value over time. These returns do not reflect the deduction of Aspiriant fees nor fund manager fees and may or may not contain the deduction for the reinvestment of dividends and other earnings. Indices are unmanaged and have no fees. An investment may not be made directly in an index.

This past month marked the fourth anniversary of the global equity market bottom (March 9, 2009). Toward the end of the first quarter, U.S. stocks finally reached historical highs, although equity markets outside of the U.S. were generally still below their 2007 peaks. Led by a rebound in the real estate market, the U.S. market was driven higher as prospects for an economic recovery overcame fears of the impact of the fiscal cliff (which remains to be seen). European equity markets underperformed U.S. markets amid concerns about slow economic growth. After rising early in the quarter, emerging markets ended with a negative return amid concerns about slowing economic growth in China, South Korea and Brazil.

In contrast to last year, the first quarter saw a decline in investor interest in safer bond sectors, such as U.S. Treasuries. The Barclays U.S. Aggregate Bond Index posted a negative quarterly return for only the second time since 2008. Corporate and municipal bonds, particularly high yield bonds, offered a strong return as investors continued to search for high yields.

As of the quarter end, the global economic outlook was mixed. On the positive side, the U.S. private sector has continued to slowly heal. Consumers have continued to make progress reducing debt. Housing prices finally appear to have reached the bottom and are now actually contributing to economic growth. Corporate profits are solid and their healthy balance sheets are poised to support improved investment and hiring. Global central banks' highly accommodative policies have also reduced systemic risks and helped foster financial conditions that have allowed many companies (and governments!) to refinance debt at low interest rates. The gradual pickup in the U.S. private sector, with the help of significant global central bank stimulus, has led to an improvement in risk appetite, particularly in global equity markets.

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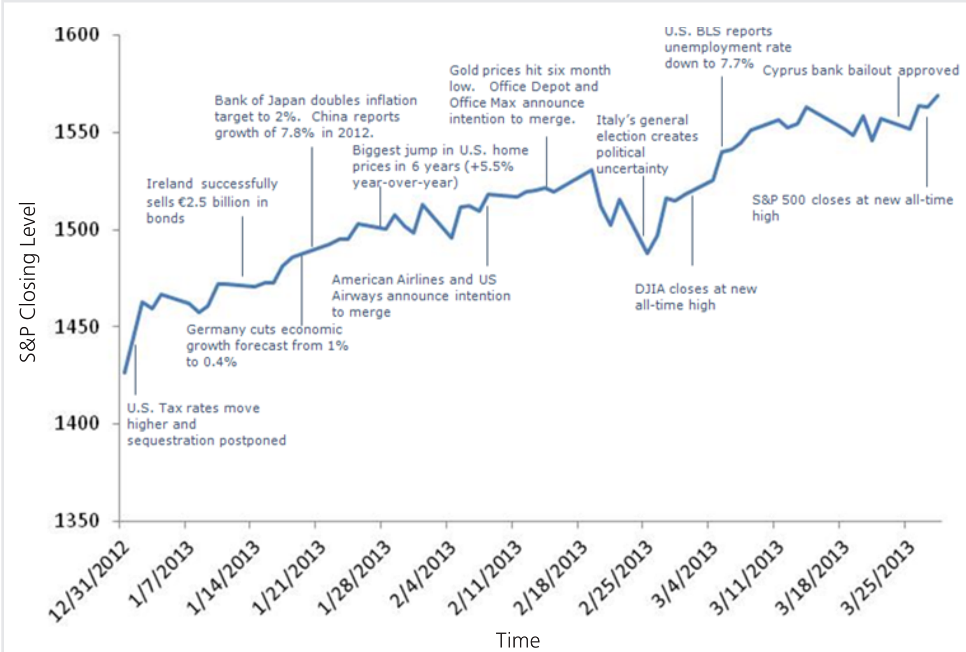
However, Europe continues to struggle. Hampered by economic stagnation, eurozone policymakers have shifted their focus from austerity at all costs to a more balanced approach that also encourages economic growth. The banking crisis in Cyprus and difficulty in reaching a policy consensus suggests that Europe still does not have an effective financial regulatory system.

Here are some of the important events in the first quarter, overlaid on the closing level of the S&P 500:

First Quarter 2013 At-a-Glance



Source: Yahoo!® Finance.

In this environment of slow and inconsistent economic progress, it is easy for investors to become distracted from the pursuit of their long-term objectives through a purposeful, long-term investment strategy. And the first quarter reminded us that valid fears about economic and political possibilities do not always translate into poor equity market returns.

As advisors, it is especially important for us to focus on the long-term while being cognizant of shorter-term risks and responding to them as appropriate. Despite the generally brightening economic picture, many risks remain, with the massive accumulation of sovereign debt being, in our view, the biggest cause for concern. The fundamental truth of investing is that earning a *return* over time requires bearing *risk*. We see plenty of opportunities for both in the future, which has led to some recent changes in how we invest in equities and manage portfolio risk. Your client service team will discuss those changes with you in the coming quarters.

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