Van Sant & Mewshaw Inc.

Registered Investment Advisor

Common Sense Advisor ©

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MARKET MANTRA

ANALYSIS/COMMENTARY

After a year of "Stock Market Hell", 2008, followed by a year of "Stock Market Bliss", 2009, we have spent the first part of 2010 meeting with clients, reviewing portfolios and outlining our strategy going forward. At some point, during these meetings, we are invariably asked for our outlook for the coming year. While we enjoy pontificating as much as the next fellow, we are fully aware of our innate ability to predict the future. It's abysmal. We are

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Returns 2010		
INDEX	**YTD**	**1 YEAR**
S&P 500	+4.90%	+44.20%
Dow Jones Industrial	+4.10%	+39.90%
Nasdaq	+5.70%	+54.50%
Russell 2000	+8.50%	+58.10%
Foreign Stocks	+0.87%	+54.44%
Very Aggressive	+6.00%	+52.82%
Aggressive	+5.03%	+43.24%
Moderate	+4.03%	+33.66%
Conservative	+3.08%	+24.07%
Very Conservative	+2.10%	+14.49%
1YR T Bill	+0.05%	+0.20%

NEWS AND UPDATES

Charles Schwab Once Again Reduces Fees

Made effective January 19, 2010 for all clients, regardless of the size of their accounts, who are utilizing Schwab's electronic delivery services (eDelivery) will benefit from a 38% reduction in equity trading cost. Charles Schwab's flat fee for electronic equity trading will be reduced from $12.95 per trade to $8.95 per trade. This is regardless of the frequency or the size of the trades. Previous to this reduction, only clients with household assets of one million dollars or more were trading at the $8.95 flat trade rate. This action by Schwab goes hand in hand with our philosophy and investment management practice of keeping investment expenses to a minimum. If you have not already, you may choose to receive your monthly account statements from Charles Schwab via electronic delivery to take advantage of this reduction in trading fees. As always, if you have any questions or require assistance please contact your Investment Counsellor at *VSM*.

Charles Schwab May Be Calling You

In an effort to assure clients they are serious about the security and safety of assets entrusted to them, Charles Schwab may call you directly. In the wake of the Bernie Madoff fraud, Charles Schwab announced that it will be calling clients of investment advisors, on a random basis, who custody their assets at Schwab. Clients who have authorized a wire transfer of funds from their Schwab account may receive a call from a Charles Schwab representative to verify that they indeed authorized such a transfer. We believe this offers clients a new level of confidence we regard to the security and safety of their assets held at Charles Schwab. Van Sant and Mewshaw whole hardily endorses this policy.

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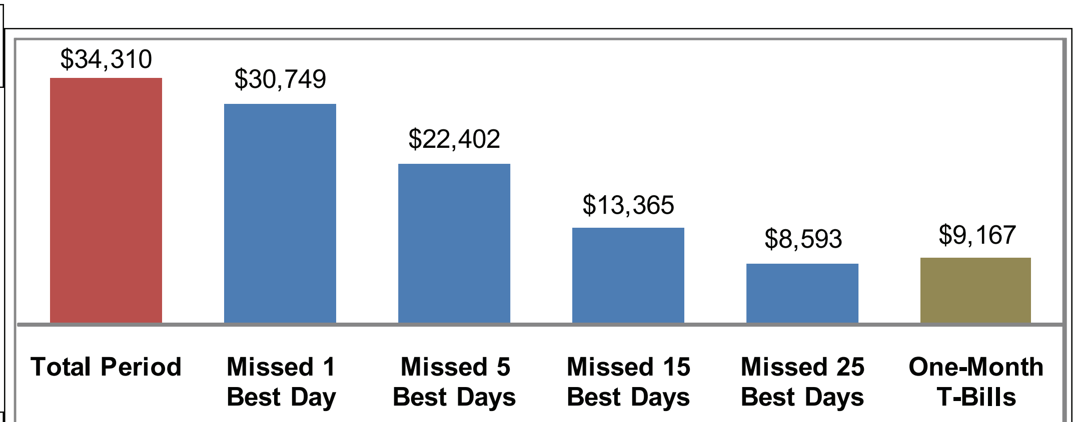
not discouraged by this of course, since everyone else born after about 33 AD hasn't had much success at it either. Moreover, it is not our job to attempt to predict the future and invest accordingly. It is our job to align our clients with the appropriate investment plan for them and keep them to it. This is not always an easy task. It is a generally accepted principal that investors tend to prefer avoiding losses more than securing gains. That's why volatile financial markets make investors feel so anxious. Helping clients to find a balance amid these natural emotions is a large part of our job. Indeed, it is a large part of the "value added" we bring to the client/advisor relationship. To understand the value of good advice, it helps to reflect on the cost of bad advice. And that has been clearly evident in recent years as millions of investors were pushed into strategies and investments which were incompatible with their needs and their risk tolerance. Bad advice means pandering to human emotions by exploiting greed and fear. It means chasing high returns in good times with little attention to risk and fleeing from risk in bad times with no regard for return. Good advice means taking the emotions out of the equation and providing an understanding of what can and can't be controlled and an acceptance of both. We **can't** control the ups and downs of financial markets. We **can** control the risk in portfolios through broad diversification, astute asset allocation and regular rebalancing. By having an investment plan designed for each client's risk tolerance, lifestyle needs and long-term goals it goes a long way to removing the anxiety from the investment process. During volatile markets, having a diversified portfolio helps clients manage their personal tolerance for risk. Bad advice panders to the view that the best way to invest is to attempt to time the market; to be out at the top and in at the bottom. This is the "White Whale" of investing for many investors and often a guessing game that can prove costly, as evidenced by the chart below. By contrast, good advice stresses the virtues of discipline and patience. And that doesn't mean blindly sticking to a buy-and-hold strategy. Regular portfolio rebalancing actually gives investors control over the risk in their portfolios. After a particular asset class in the portfolio runs-up causing the corresponding expected rate of return to decline, the risk-return ratio is changed for the worse. It then becomes appropriate to sell down the stronger performing asset class and increase exposure to the poorer performers, those with a more favorable risk-return ratio. Another way of looking at this rebalancing process is that the investor is selling high and buying low. This by no means is a timing strategy, but a means of managing portfolio risk. Unlike the actual movement of markets, all these decisions are within our control. The result is the maintenance of an investment plan that the investor can live with, in the best of times, the worst of times and all the points in between. The future is unknowable and markets are unpredictable. We can't change that. But we can build a portfolio that successfully builds a bridge between tolerance for volatility and long-term investment goals. With the end result, everyone can sleep better at night. That is the value of good advice.

Performance S&P 500 January 1970 through December 2008



	Total Period	Missed 1 Best Day	Missed 5 Best Days	Missed 15 Best Days	Missed 25 Best Days	One-Month T-Bills
Annualized Compound Return	9.49%	9.18%	8.30%	6.87%	5.67%	5.85%

Chart and Data Courtesy of Dimensional Fund Advisers

NOTABLE QUOTES

"Low interest rates have been hell on savers and heaven for banks. How heavenly? Try $56 billion. That's the amount U.S. banks booked in extra interest income in the two years after the Federal Reserve started cutting rates in September 2007, according to calculations done for Bloomberg Business Week by researcher SNL Financial. Banks are getting a pretty sweet deal for nearly blowing up the financial system. Not only did the Fed ratchet down rates to save them, but wary depositors rushed to the comfort of their government-backed accounts. Banks have been able to use those ultra-cheap funds to make lucrative loans and investments since longer-term interest rates have remained relatively high. It's a hidden subsidy that may be as important to the bank bailout as the Troubled Asset Relief Program and the bond guarantees from the Federal Deposit Insurance Corp." *(Lousy CD Rates? Guess Who Wins?, David Henry, Bloomberg Business Week, 2/15/10)*

"Automobile sales in China last year raced past the U.S. market for the first time to take the top spot, as Chinese government incentives helped sales surge 46% from a year earlier to 13.6 million vehicles amid a broader global slowdown. December auto sales in China nearly doubled, increasing 92% from a year earlier to 1.41 million vehicles, the China Association of Automobile Manufacturers said Monday. Record sales in china last year coincided with the lowest sales total in the U.S. since 1982, as the credit crisis and the resulting slowdown in the economy prompted U.S. consumers to scale down purchases." *(China Passes U.S. as World's Top Car Market, Patricia Jiayi Ho, The Wall Street Journal , 1/12/10)*

"Among the few sectors of the economy showing net employment growth over the past year is the federal government. The federal civil service is rapidly expanding as Obama increases the size of government, with 33,000 new positions being added in January alone. Only 9,000 of those new slots were temporary census jobs. In other words, what we are seeing is good times for the public sector and the growing prospect of a continuing and perhaps even deepening recession for everybody else." *(Recession Chugs on Except in Government, Editorial, The Washington Examiner, 2/8/10)*

"Federal employees earn higher average salaries than private-sector workers in more than eight out of 10 occupations, a USA TODAY analysis of federal data finds...Overall, federal workers earned an average salary of $67,691 in 2008 for occupations that exist both in government and the private sector, according to Bureau of Labor Statistics data. The average pay for the same mix of jobs in the private sector was $60,046 in 2008, the most recent data available." *(Federal Pay Ahead of Private Industry, Dennis Cauchon, USA TODAY, 3/5/10)*

" If you love wealth more than liberty, the tranquility of servitude better than the animating contest of freedom, depart from us in peace. We ask not your counsel nor your arms. Crouch down and lick the hand that feeds you. May your chains rest lightly upon you and may posterity forget that you were our countrymen." (*Samuel Adams, 1722-1803)*

DILBERT BY SCOTT ADAMS

Core Asset Allocations
March 31, 2010

Aggregate Index	Very Conservative	Conservative	Moderate	Aggressive	Very Aggressive
Equity	20%	40%	60%	80%	100%
Fixed Income	80%	60%	40%	20%	0%
YTD Return	2.10%	3.08%	4.03%	5.03%	6.00%
One-Year Total Return	14.49%	24.07%	33.66%	43.24%	52.82%
Three-Year Return	3.49%	1.34%	-0.80%	-2.95%	-5.10%
Five-Year Return	3.74%	3.03%	2.33%	1.62%	0.91%
Ten-Year Return	4.02%	2.95%	1.87%	0.80%	-0.27%
Worst One-Year Return	-6.57%	-15.50%	-25.57%	-33.79%	-43.17%
Worst Three-Year Return	-1.93%	-1.89%	-6.71%	-11.51%	-16.28%
Best One-Year Return	17.37%	25.99%	36.08%	46.16%	56.24%
Best Three-Year Return	12.27%	16.59%	21.27%	25.97%	30.68%

Risk and return are inextricably intertwined.
Do not expect high returns without high risk and safety without low returns.

The Purpose of the core asset Allocation

Our Core Asset Allocations are hypothetical model allocations which reflect a logical, passive, strategic asset allocation for long-term investors who are subjected to varying degrees of risk. They are based on our evaluation of the historical long-term risk and return relationships of the asset classes, and what we consider to be realistic and reasonable expectations going forward. It is the starting point for our strategic active asset allocation process. The Core Allocation will serve as a benchmark against which to measure our value added.

The Core Allocation is the asset allocation that we will implement when our conviction level about any specific asset class is not high enough to justify changing the asset allocation mix. It gives us a sensible long-term allocation, based on sound research. It gives us a constant frame-of-reference against which to measure the risk and return relationship between actual client accounts and their respective benchmark represented by the Core Allocation.

All performance results of the Core Allocations are based on actual index funds which have been model/back-tested for the relevant asset allocation. The Core Allocation construction and the subsequent results were achieved with the benefit of hindsight and in no way does it reflect an actual portfolio result. The Core Allocations performance does not reflect management fees or transaction cost associated with the management of actual portfolios. There are limitations inherent in model allocation. In particular, model performance may not reflect the impact that economic and market factors may have had on the advisor's decision making process if the advisor were actually managing client money. This report should not be construed as advice meeting the particular needs of any investor. Investors are advised that past performance is no guarantee of future results. Historical data provided by Morningstar and made available upon request.