TRIVANT

CUSTOM PORTFOLIO GROUP, LLC

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INSIGHTS

EXECUTIVE SUMMARY

First Quarter 2010

In This Issue

3 The Recovery Missed By Many

6 Equity Market Review

11 Bond Market Review

12 Closing Thoughts

US Leads Europe and Emerging Markets In Q1

In the First Quarter, the domestic S&P 500 Index rose 5.39% while the MSCI EAFE Index (foreign) rose 0.94%. Almost all global equity markets had positive performance (the exceptions were the United Kingdom and the European Monetary Union. Concerns regarding the Greek debt crisis pressured the Euro and European stocks. The significant British budget deficit (the largest of any G20 country) hurt the Pound.

The market exhibited low volatility. After a brief January pullback, the S&P 500 Index ascent was steady. Trading volume was also low. This is characteristic of a market in which there are not a lot of sellers or buyers. Investors who have been in the market for the last year are holding onto their stocks. Investors who have been out of the market for the last year are reluctant to buy in.

We maintain our belief that 2010 global equity markets will advance 12% to 16%.

The Recovery Missed By Many

There are many signs of an improving economy. The S&P 500 Index has rebounded a staggering 77% from its March 9, 2009 bottom through the end of the First Quarter 2010. And yet, many individual investors remain skeptical and continue to avoid the stock market. They missed the recovery.

Institutional investors (organizations which pool large sums of money and invest those sums on behalf of others) are more bullish on stocks than most individual investors. Part of the explanation for the disconnect lies in a field known as “behavioral finance”, which attempts to better understand and explain how emotions and cognitive errors influence investors and their decision process.

Representativeness, the recency effect, cognitive dissonance, and confirmation bias explain investor fear in a rising market. If individual investors overcome these factors, a “second wave” of investors could further propel the market.

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EXECUTIVE SUMMARY

Continued from Page 1

Increased Emphasis on Small Cap US Stocks

During the First Quarter, we continued a shift towards increased small cap emphasis that we initiated a year ago. We almost completely eliminated our Japanese exposure and increased our US Health Care position. Our average portfolio market cap value was further reduced.

Real gross domestic product (GDP) had a robust Fourth Quarter (+5.6%) and is projected to increase 2.6% in 2010 (source: The Economist). This tops all developed nations. We expect to see further signs of an improved economy. Small cap stocks should out-perform during the expansion phase of the business cycle.

Bond Prices Rise In The First Quarter

The Fed interest rate was maintained in the First Quarter as part of a globally coordinated effort to stimulate economic growth. The Barclays Capital U.S. Government/Credit Bond Index rose 1.55% in the First Quarter.

As was the case in 2009, investors continued to move cash to bonds versus stocks in the midst of a rising stock market. This provided inherent bond price stability. Since there is still considerable cash on the sidelines, price stability should remain in the short-term.

There are no immediate inflation concerns. The return to normal GDP growth, coupled with no current inflation threat, should allow the Fed the flexibility to hike interest rates in the range of 50 to 100 basis points sometime in 2010. If inflation becomes more pronounced, this could pressure bond prices.

TRIVANT CUSTOM PORTFOLIO GROUP, LLC First Quarter 2010 Review

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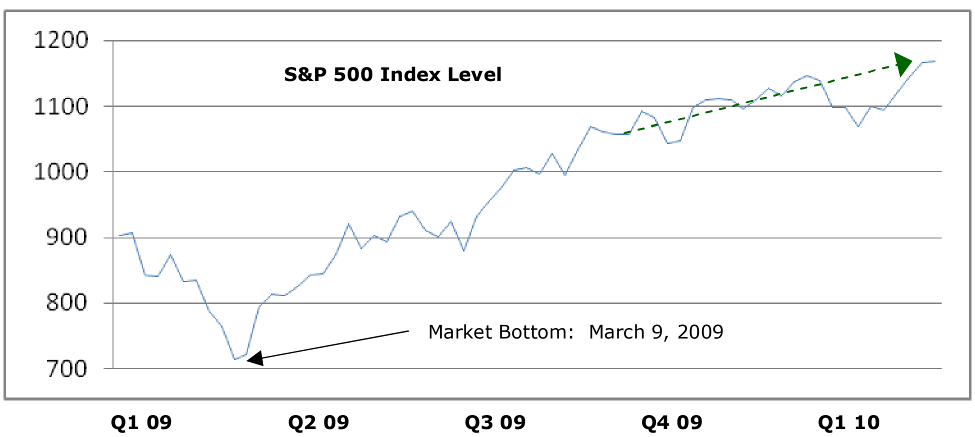
The Recovery Missed By Many

Individual Investors Remain Skeptical Of Stocks

There are many signs of an improving economy. Projected 2010 US GDP growth (+2.6%), on the heels of an annualized +5.6% GDP rise in the Fourth Quarter, leads the developed nations. Consumer spending has increased, as have corporate profits (up 8% in the Fourth Quarter). The US Dollar has appreciated almost 10% within the last five months. There are no immediate inflation concerns (the rate of inflation is at its lowest level since February, 2004). The S&P 500 Index, a leading indicator of the economy, has rebounded a staggering 77% from its March 9, 2009 bottom through the First Quarter of 2010.

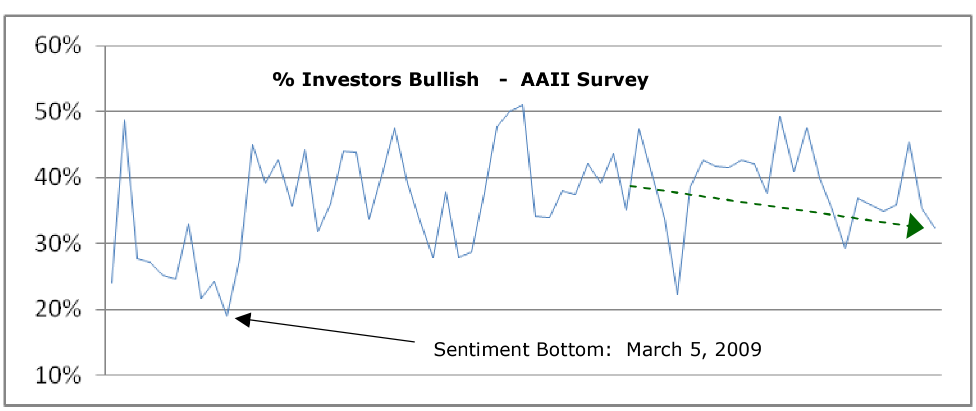
And yet, many investors remain skeptical and continue to avoid the stock market. Tremendous cash remains on the sidelines. Of the cash that has come off the sidelines, most has been directed to bonds (bond funds attracted nearly $400 billion in 2009 versus a net $9 billion outflow in stock funds). And of the relatively smaller amount of cash that has recently moved to stocks, most has gone to foreign versus domestic stocks. This is despite the fact that the domestic S&P 500 Index has out-performed Europe, Japan and Emerging Markets over the last six months.

A March Bloomberg poll found that Americans, by almost a 2-to-1 margin, believe the economy has gotten worse rather than better over the last year (economic data and the stock market disagree). Among those who own stocks, bonds, or mutual funds, only 3 out of 10 say the value of their portfolio has risen over the last year (a near-impossibility given the depth of market gains). Bullish sentiment as measured by the American Association of Individual Investors (AAII) has declined in the last six months. Psychology is trumping data.



The Last Six Months

S&P 500 Index: +11.76%



AAII Sentiment Survey:

Beginning of Q4 2009
Bullish 39%
Neutral 16%
Bearish 45%

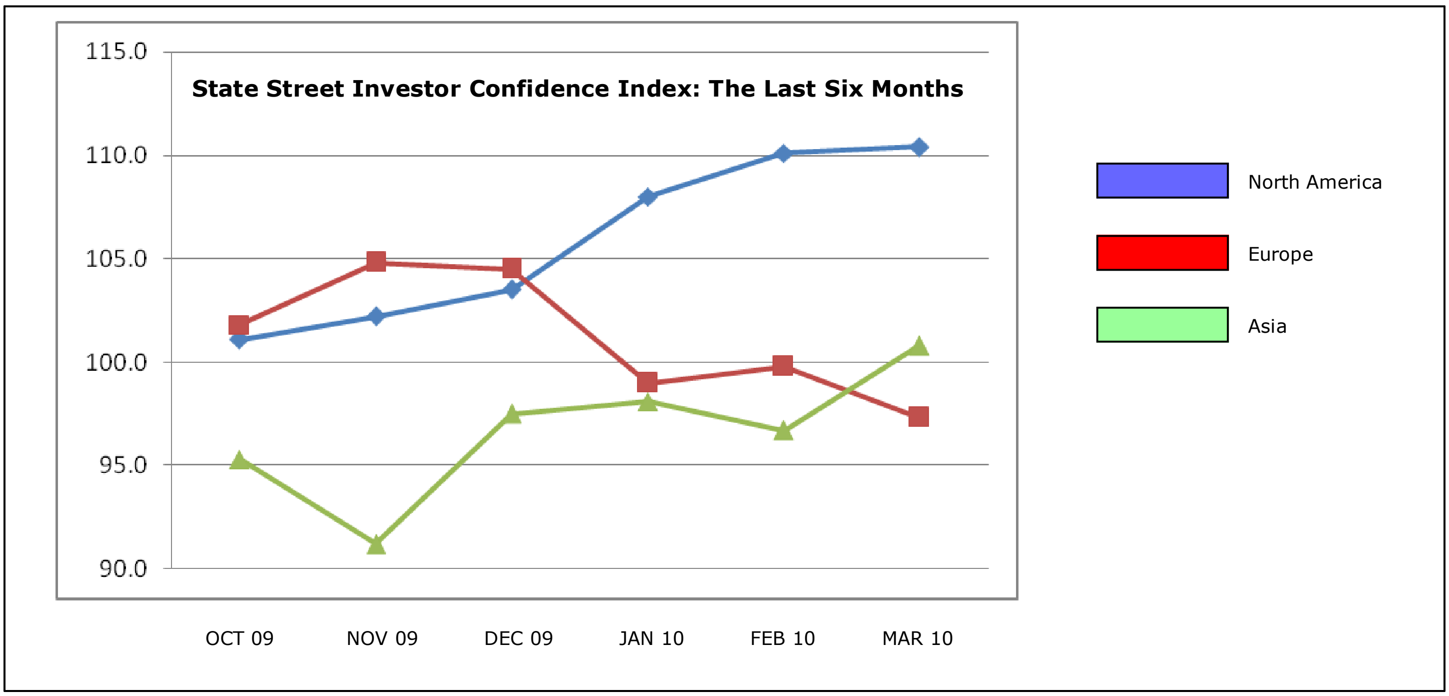
End of Q1 2010
Bullish 32%
Neutral 33%
Bearish 35%

Institutional Investors Are Increasingly Bullish On Stocks

Institutional investors are organizations which pool large sums of money and invest those sums in assets such as stocks. Types of institutional investors include banks, insurance companies, retirement or pension funds, hedge funds, investment advisors, and mutual funds.

As opposed to individual investors, institutional bullish sentiment has increased over the last six months. There has been a greater percentage portfolio stock allocation as signs of an improving economy have been welcomed versus dismissed. Even bond-king Bill Gross of PIMCO has recently lauded stocks versus bonds.

State Street Global Markets is the investment research and trading arm of State Street Corporation (NYSE:STT). The State Street Investor Confidence Index captures the sentiment of institutional investors by analyzing their buying and selling patterns: the greater the percentage allocation to stocks, the higher the confidence level. Over the last six months, institutional investor confidence increased in North America and Asia, while falling in Europe (likely due to Greek debt crisis concerns).



The Market Recovery Has Been Missed By Many Individual Investors

To summarize, characteristics of the market recovery over the last year include the following:

- Many encouraging economic indicators
- A dramatic stock market rebound
- Increasing bullish sentiment amongst institutional investors
- Decreasing bullish sentiment amongst individual investors

The market recovery has been missed by many individual investors. Why have these individual investors reacted so differently to signs of an improving economy and a rising stock market than the institutional investors? What is the disconnect? Part of the explanation lies in a field known as "behavioral finance".

Behavioral Finance Offers Insight Into Why Individual Investors Are Avoiding Stocks

Much of financial theory is based on the notion that individuals act rationally and consider all available information in the decision-making process. However, there is a surprisingly large amount of evidence that this is frequently not the case. A field known as "behavioral finance" attempts to better understand and explain how emotions and cognitive errors influence investors and the decision-making process.

Over the last year, investors have over-weighted the probability of a bad event (ie. a significant market decline) and avoided stocks. Four factors explain investor fear in the midst of a rising market.

1. Representativeness

Investors typically give too much weight to recent experience and extrapolate recent trends. By doing so, they ignore or under-weight the "baseline". To illustrate, the baseline for the stock market is an historical annualized return of 10%. Since the baseline annualized return has not been observed over the last decade, many individual investors have ignored the historical trend for the sake of the recent trend.

2. Recency Effect

The Recency Effect is an example of Representativeness. Since investors got hurt in 2001, 2002, and 2008, the "recency" of the traumatic events causes them to over-weight the probability that it will happen again.

3. Cognitive Dissonance

Cognitive Dissonance is an uncomfortable feeling caused by holding two contradictory ideas simultaneously. For many investors, "good news" is inconsistent with their belief that the economy or the market is bad. They have consequently "tuned out" good news (such as positive economic indicators) to reduce their dissonance.

4. Confirmation Bias

Confirmation Bias is the effect of Cognitive Dissonance. Investors have "tuned in" any data that confirms their belief that conditions are bad. For example, the unemployment rate confirms to many investors that the economy and the market are poor, even though history tells us that unemployment is a lagging indicator.

Behavioral Finance Framework: Why Individual Investors Are Avoiding Stocks

CONCLUSION

If you are uneasy about the market, you are not alone. Perhaps this feeling has more to do with perception than reality. As a portfolio manager, we approach investing with as little emotion as possible. It is not always easy! Increasingly bullish institutional investors have driven the market. If individual investors overcome the behavioral finance factors discussed above, a "second wave" of investors could further propel the market.

Equity Market Review

US Stock Market Leads Europe and Emerging Markets In Q1

In the First Quarter, the domestic S&P 500 Index rose 5.39% while the MSCI EAFE Index (foreign) rose 0.94%. Almost all global equity markets had positive performance (the exceptions were the United Kingdom and the European Monetary Union). Concerns regarding the Greek debt crisis pressured the Euro and European stocks. The significant British budget deficit (the largest of any G20 country) hurt the Pound.

The market exhibited low volatility. After a brief January pullback, the S&P 500 Index ascent was steady. Trading volume was also low. This is characteristic of a market in which there are not a lot of sellers or buyers. Investors who have been in the market for the last year are holding onto their stocks. Investors who have been out of the market for the last year are reluctant to buy in. Areas of note for the quarter include:

- US large cap stock performance (+5.39%) led Europe (-5.01%) and Emerging Markets (+2.45%)
- The unresolved Greek debt crisis severely hampered the European markets
- Emerging Markets were led by Russia (+6.76%) and India (+4.85%) versus China (-1.57%)
- Industrials (+12.45%), Financials (+10.82%) and Cyclicals (+10.05%) led sector performance
- US small cap stocks (+8.51%) led the large cap S&P 500 Index (+5.39%)

Equity Index Performance

Index	Q1 2010	2009
S&P 500 (Domestic)	5.39%	26.46%
MSCI EAFE (Foreign)**	0.94%	32.46%
MSCI World	3.35%	30.79%
MSCI Emerging Markets	2.45%	78.65%
Russell 2000 (Small Cap)*	8.51%	27.17%
MSCI Japan	7.32%	6.39%
MSCI UK (United Kingdom)	(1.59%)	43.37%
MSCI EMU (European Monetary Union)	(5.01%)	32.79%

* Performance data does not include dividends ** Europe, Australia and the Far East

We Continue To Shift The Portfolio Towards An Increased Small Cap Emphasis

During the First Quarter, we continued a shift towards increased small cap emphasis that we initiated a year ago. We almost completely eliminated our Japanese exposure and increased our US Health Care position. Our average portfolio market cap value was further reduced.

Real gross domestic product (GDP) had a robust Fourth Quarter (+5.6%) and is projected to increase 2.6% in 2010 (source: The Economist). This tops all developed nations. We expect to see further signs of an improved economy. Small cap stocks should out-perform during the expansion phase of the business cycle.

We anticipate further adjustments to lower our average portfolio market cap.

Currency, Country, Sector & Market Cap Performance at a Glance

The US Dollar

The US Dollar considerably appreciated versus the British Pound, significantly appreciated versus the Euro, and modestly appreciated versus the Japanese Yen in the First Quarter. The Federal Reserve Board Funds Rate was maintained at a target 0% to 0.25%. The European Central Bank (ECB) maintained its rate at 1.00%. Oil prices rose from approximately US $79 to US $84 per barrel over the quarter (an increase of 6%) in spite of a rising US Dollar.

US Dollar Appreciation Versus Foreign Currencies

Currency	Q1 2010	2009	2008	2007
US Dollar/Euro	6.00%	0.00%	5.88%	(9.59%)
US Dollar/Japanese Yen	0.61%	2.18%	(18.37%)	(6.43%)
US Dollar/British Pound	6.43%	(10.14%)	44.00%	(1.01%)
US Dollar Index*	4.09%	(4.24%)	6.20%	(8.47%)

* The Dollar compared with a weighted basket of currencies Source: Telemet

In Q1 2010, the dollar rose 4.09% against a basket of diversified currencies.

The US Dollar continued to appreciate in the First Quarter for two main reasons:

- Greece joined the Euro in 2001 and subsequently went on a spending spree while its economy became less competitive in relation to other Eurozone countries. It now faces a huge sovereign debt problem (its debt is forecast at 125% of GDP for 2010). Its budget deficit is 12.7% of GDP, four times higher than Euro area rules allow. There is uncertainty whether the European Union will bail out Greece: Germany and France are reluctant to do so without firm commitments from Greece to responsibly manage its fiscal affairs. The Greek debt crisis and impending bailout uncertainty hurt the Euro.

- The British budget deficit is estimated at 200 billion Pounds (13% of GDP), the largest deficit of any G20 country. There is fear that if the UK does not cut its budget deficit, interest rates and unemployment will rise, holding back an economic recovery. This hurt the British Pound.

The US Dollar: Portfolio Strategy Considerations

The magnitude of the US Dollar appreciation in the First Quarter surprised us. Greece will likely attempt to improve its budget deficit through actions including additional debt issuance and government program cutbacks. We also believe the European Union will find a way to ease global concerns about the Greek debt crisis if Greece cannot do so itself. If so, the Euro should stabilize and the US Dollar momentum should subside.

We anticipate a steady US Dollar. US interest rates, as well as the budget and trade deficits ("the twin deficits") all suggest a weaker US Dollar. Projected 2010 US GDP growth (+2.6%), on the heels of an annualized +5.6% GDP rise in the Fourth Quarter, leads the developed nations. This should help the US Dollar.

Our current target domestic portfolio weighting remains at 85%. This target is for sector and market cap considerations, not currency considerations.

Japan

Japan (+7.32%) led the developed nations in the First Quarter, although it lagged considerably in 2009. The US Dollar stayed firm against the Yen, which helped the Japanese exporters. Japan also likely benefited from upbeat US economic data (the US represents a considerable portion of the Japanese export market).

Japan: Portfolio Strategy Considerations

We previously removed almost all Japanese portfolio exposure to increase our US weighting. Although this adjustment slightly hurt our First Quarter performance, we see no compelling reasons to change our stance.

Emerging Markets

Emerging Markets (+2.45%) had a relatively tame First Quarter. Commodity and energy prices, which often propel Emerging Markets, were stable.

Emerging Markets Performance By Region

Country	Q1 2010	2009
Brazil	(0.09%)	128.62%
Russia	6.76%	104.91%
India	4.85%	102.81%
China	(1.57%)	62.63%

Source: MSCI

Emerging Markets: Portfolio Strategy Considerations

We have avoided direct exposure to Brazil and Russia because our commodity exposure is located elsewhere in the portfolio. Our Emerging Markets exposure remains in China and India, whose economies are expanding and represent an important aspect of portfolio diversification.

Europe

Europe was down considerably (-5.01%) versus the S&P 500 Index (+5.39%) for the quarter, and was the worst-performing developed market. The significant performance lag was largely due to a depreciating Euro fueled by concerns regarding the "PIGS" (Portugal, Ireland, Greece and Spain). Each of these countries has high levels of debt and unemployment (highlighted by the Greek debt crisis).

Investor Concern	Portugal	Ireland	Greece	Spain
Sovereign Debt as a % of GDP	85	83	125	66
Unemployment Rate (%)	10.4	13.3	9.7	19.5

Investors have become increasingly concerned that the "PIGS" will deter a European economic recovery.

Europe: Portfolio Strategy Considerations

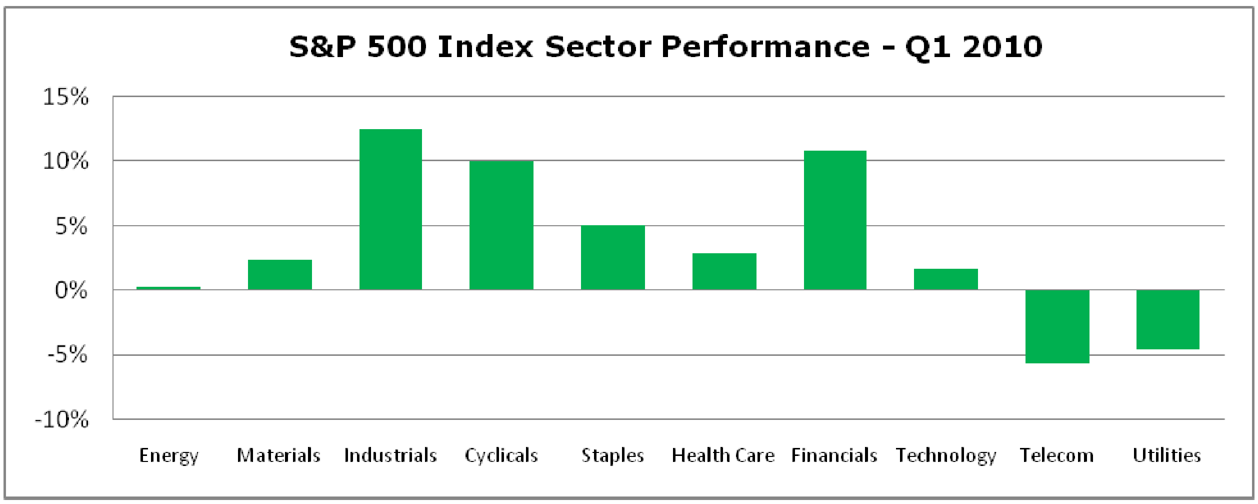
We will maintain minimal European exposure as we see no factors that point to out-performance.

Sector Performance

Industrials was the best-performing sector (+12.45%) in the First Quarter. We believe this is a good sign because during the recovery phase of a business cycle, we expect Materials to lead (as it did in the two previous quarters), and then for Industrials to catch up. Financials (+10.82%) and Cyclicals (+10.05%) were the next best performing sectors.

Telecom was the worst performing sector in the First Quarter (-5.66%), followed closely by Utilities (-4.61%). Energy (+0.08%) was flat. Technology (+1.67%) lagged the S&P 500 Index (+5.39%) after a torrid performance in 2009 (+59.92%). We had anticipated a relative out-performance in Health Care with the recent passing of health care reform. The sector (+2.89%) did not bounce as much as we had anticipated.

Materials (+2.41%) under-performed the S&P 500 Index. Staples (+5.04%) was a market performer.



Source: Standard & Poor's

Sectors: Portfolio Strategy Considerations

We remain under-weight to Energy and have no Utilities exposure. Although energy prices have increased recently, crude oil inventories remain high. Utilities are pressured by weak electricity demand and aging infrastructure.

We have a neutral weight to Financials, although we are light to the banking sub-sector. In the Fourth Quarter, we reduced our regional bank exposure due to fears about commercial real estate over-exposure. Our strategy was beneficial in the Fourth Quarter, but not the First Quarter. Thus far, commercial real estate has not been the "next shoe to drop" in the Financials sector.

We continue to over-weight Technology. Although Technology was a laggard in the First Quarter, we anticipate better performance going forward (it was by far the best-performing sector in 2009). As the economy continues its recovery, we anticipate increased spending on Technology from businesses in order to increase efficiency and productivity.

In the First Quarter, we increased our over-weight position in Health Care (mail-order pharmacy). Although this adjustment did not pay off immediately, we believe it has great potential to do so.

Market Cap Performance

Small cap US stocks fared better than large cap US stocks in the First Quarter. Small cap foreign stocks fared better than large cap foreign stocks. We do not yet have enough data points to conclude a meaningful trend.

Small cap stocks should out-perform during the expansion phase of the business cycle. There are many signs of an improving economy. We have gradually moved towards a lower average portfolio market cap over the last year in anticipation of a potential small cap out-performance.

Market Cap Performance	First Quarter 2010	2009
Large Cap Performance		
World	2.92%	30.79%
Foreign	0.59%	32.46%
USA	4.84%	27.14%
Small Cap Performance		
World	7.65%	44.75%
Foreign	4.82%	47.32%
USA	9.48%	39.73%

Source: MSCI

Market Cap: Portfolio Strategy Considerations

Our continuing shift towards small cap portfolio emphasis had minimal performance impact in 2009 (the S&P 500 Index and the Russell 2000 Index were literally identical). We anticipate the First Quarter small cap momentum will carry forward, but this is not a certainty. If it does occur, we will be well-positioned.

Style Performance

US Growth stocks fared slightly worse than US Value stocks in the First Quarter. This was partly attributable to the significant performance differential between Technology (+1.67%) and Financials (+10.82%).

Style Performance	First Quarter 2010	2009
US Growth	4.56%	37.51%
US Value	6.30%	20.31%
Foreign Growth	2.04%	31.30%
Foreign Value	(0.17%)	36.55%

Source: MSCI

Style: Portfolio Strategy Considerations

For the moment, we will maintain a slight growth bias due to our expectation of upcoming challenges in the Financials sector (commercial loans). An expanding economy should benefit the Technology sector.

Bond Market Review

The Fed interest rate was maintained in the First Quarter as part of a globally coordinated effort to stimulate economic growth. The Barclays Capital U.S. Government/Credit Bond Index rose 1.55% in the First Quarter.

Key US Interest Rates	March 31, 2010	Dec. 31, 2009	Change
Federal Reserve Board Funds Rate	0.25%	0.25%	no change
2-Year Treasury (Constant Maturity)	1.04%	1.08%	- 4 basis points
5-Year Treasury (Constant Maturity)	2.59%	2.64%	- 5 basis points
10-Year Treasury (Constant Maturity)	3.87%	3.83%	+ 4 basis points

Note: 100 basis points (bp) = 1.00% Source: Bloomberg

As was the case in 2009, investors continued to move cash to bonds versus stocks in the midst of a rising stock market (The Recovery Missed By Many, page 3). This provided inherent bond price stability. Since there is still considerable cash on the sidelines, price stability should remain in the short term.

The yield curve, which compares short term to long term Treasury rates, slightly steepened. The longer yields rose and the shorter yields fell. Over the last year, the yield curve has steepened. Normally a steepened yield curve benefits banks because lending becomes more profitable.

The Fed has a dual mandate of promoting stable inflation and maximum employment. While the current unemployment rate is a challenge, there are no immediate inflation concerns. On a seasonally adjusted basis, the CPI (Consumer Price Index) increased 0.2% in January and was unchanged in February.* Over the last 12 months, the CPI increased 2.1%. Excluding food and energy, the CPI increased 1.3% over the last 12 months, its lowest annual rise since February, 2004.

The return to normal GDP growth (projected at 2.6% for 2010, according to The Economist), coupled with no current inflation threat, should allow the Fed the flexibility to hike the Funds Rate in the range of 50 to 100 basis points sometime in 2010. If inflation becomes more pronounced, this could pressure bond prices (as interest rates increase, bond prices decrease), especially bonds with longer durations.

Bond Market: Portfolio Strategy Considerations

We did not hold Treasury bonds in 2009 and do not anticipate holding them in 2010.

We continue to hold investment-grade corporate bonds and certificates of deposit (CDs). The CDs were purchased in late 2008 at a time when banks sought to raise funds quickly and offered excellent rates for FDIC-insured deposits. We took advantage of that opportunity.

We also continue to hold Treasury Inflation Protected Securities (TIPS) as part of a diversified bond portfolio. TIPS offer protection in the event inflation becomes more prominent. This can be especially important for investors who require portfolio income.

*Source: Bureau of Labor Statistics

Closing Thoughts

There has now been four consecutive quarters in which the stock market has advanced. The bounce off the market bottom (March 9, 2009) has been tremendous. Hopefully your confidence continues to strengthen after an historically difficult 2008.

We maintain our belief that global equity markets will advance 12% to 16% in 2010. The market ascent will not likely be smooth. We anticipate intermittent market corrections that may indeed test your patience.

Although we anticipate a better stock market than bond market for the year, we believe it is important to remain disciplined regarding your appropriate asset allocation. Bond exposure where warranted plays a vital role in overall portfolio risk control.

We will continue to closely monitor the market and adjust your portfolio as needed. Please feel free to contact us anytime to discuss questions or comments you may have. We will keep you informed of portfolio progress.

Respectfully submitted,

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"You pay a very high price in the stock market for a cheery consensus."

Warren Buffett