

THE EAST END FINANCIAL GROUP

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Dear EEFG Advisory Client,

We have enclosed your quarterly reports for the period ending March 31, 2013. Please continue to file these reports in your East End Financial Group portfolio binder.

Review of the First Quarter of 2013

Stocks closed out the first quarter on a high note with the S&P 500 piercing through levels last seen in 2007 to end at a record high near 1,570 and the Dow logging its strongest quarter in 15 years. The S&P finally surpassed its closing high level of 1,565.15 shortly after the market open after flirting with the milestone for weeks, recovering all its losses from the financial crisis. The next milestone for the index is its all-time intraday high of 1,576.09, set on October 11, 2007.

The Dow Jones Industrial Average soared an impressive 11.25 percent in the first three months of the year to log its best first-quarter performance since 1998. Interestingly, the blue-chip index has never finished a year in negative territory when the first quarter is up at least 8 percent.

But at the same time, the Treasury market told a somewhat different story with its 0.1% total return in March – a sign that demand for financial safety persisted. The price on the 10-year Treasury rose slightly, and the yield held steady at 1.85%, not far from the 1.4% historic low set last July.

(Note that unless noted all figures represent total rates of return, measuring both price changes and reinvested dividends, supplied by Morningstar)

Investment Outlook

Stocks have rallied thanks to strong corporate balance sheets; decent earnings; Federal Reserve stimulus measures; and a feeling that while growth may be weak, the U.S. economy is on the mend. Further improvement in the economy could mean the Fed will dial back stimulus measures. Once the Fed begins to taper back its asset purchases, expect to see a market correction.

The S&P 500 has historically averaged an 8% drop in the six months before the Fed tightens policy according to the Wall Street Journal. Stocks usually sniff out the coming change to Fed policy before the policy change occurs as the language in Fed minutes becomes more hawkish.

Financial Planning ♦ Investment Advisory Services ♦ Retirement Programs
Advisory Services/Financial Planning Offered Through: The East End Financial Group
Securities Offered Through: American Portfolios Financial Services, Inc. MEMBER: FINRA, SIPC
Kosinski Associates, Inc. and East End Financial Group, Inc. are unaffiliated entities of
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Summary

While we have always held a cautious outlook on stocks, we are becoming increasingly cautious with regards to bonds. We will continue to shorten duration and diversify fixed income by shifting some of the gains to bond alternatives like Emerging Market Debt and Global Absolute Return.

We look forward to discussing these changes and your financial situation during the quarter.

Best regards,



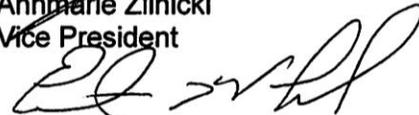
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Annmarie Zilnicki
Vice President



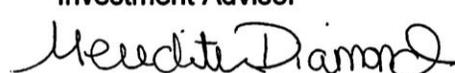
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