GEIER ASSET
Geier Asset Management, Inc.

Winter 2013 Commentary

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QE Infinity And Recessionary Concerns

2012 ended on an interesting note. In early December 2012 the Economic Cycle Research Institute (ECRI) declared on CNN and other financial networks that we have been in a recession since the summer of 2012. This was followed in mid-December by the Federal Reserve's announcement regarding QE Infinity. This announcement, and Ben Bernanke's subsequent Q&A, set the tone for 2013 and into 2014.

Overall, 2012 proved to be a year with a high degree of risk in the market. In 2013, we expect that trend to continue. Potential headwinds could be caused if weak U.S. economic numbers continue to indicate recessionary pressures. This could be compounded by uncertainty around the debt ceiling and the implementation of Obamacare. However, if we are in a recession as the ECRI states, the markets are not responding to it. The stimulus derived from the Fed's actions means that the market does not perceive a reason for the economy to slow down.

In terms of QE Infinity, we expect the Federal Reserve to continue its asset purchase program through 2013. We do not expect the unemployment rate to drop down to 6.5% until at least 2014 or 2015. The Fed's program should drive increased investor interest in dollar sensitive assets such as commodities and other real assets. We believe the Fed's actions will have a significant impact in terms of helping to support the U.S. economy, despite some of the challenges it faces.

"Reviewing the indicators used to officially decide U.S. recession dates, it looks like the recession began around July 2012. This is because in retrospect, three of those four coincident indicators - the broad measures of production, income, employment and sales saw their high points in July with only employment still rising."

Economic Cycle Research Institute, December 7th, 2012

QE Infinity - The Details

The Fed announced its intent to buy $45 billion in longer-term Treasuries on top of its monthly purchase of $40 billion in mortgage-backed securities. It also announced that it would keep interest rates low until unemployment falls to at least 6.5%, as long as inflation remains below 2.5%. Connecting monetary policy with such specific targets is a fundamental shift in the way the Federal Reserve manages its employment and inflation mandates.

The Case For A Multi-Strategy Approach

The current environment provides a compelling case for the inclusion of multiple strategies in a portfolio, with the goal of navigating any market environment.

At Geier Asset Management, we have found that how we blend our strategies for an individual client has a significant bearing on that client's total return over time.

Our Core, Diversified and Focused strategies, when carefully calibrated in a multi-strategy portfolio, can effectively position a client for the long-term.

Focusing On Opportunities

In 2012 there was a perceived high risk environment. Interestingly the market did not respond by dropping prices, which was reflected in the performance of our more aggressive Diversified and Focused strategies.

We are particularly excited about the opportunities within the hard assets sector such as gold, silver and precious metals. With QE Infinity and Central Banks such as Japan, Europe and China, printing money and adding liquidity, we should see a resulting drop in currency values. This is typically accompanied by an increase in the value of hard assets.

Evaluating New Developments

We believe that there will be ample opportunity in the future to participate in new developments in the Technology, Health and Wellness, and Energy sectors.

Examples of the types of developments we are seeing include the following:

- **Technology** - a new iphone app that allows patient self scans that can be reviewed by doctors in another location for diagnosis.
- **Health and wellness** - DNA decoding that enables the ability to grow tissue, skin, and potentially human organ replacements.
- **Energy** - the potential derived from natural gas and fracking to make the U.S. a net oil exporter rather than an importer.

We will continue to monitor these developments and deploy our cash reserves appropriately.

Keeping An Eye On Interest Rates

From an interest rate perspective, we continue to be on high alert for any significant changes in rates. When Europe was at the peak of its challenges in 2012, many foreign investors invested in the U.S. bond market as the safe haven.

If European economies begin to stabilize, those invested assets may return to Europe. This could result in a spike in yields that the Fed cannot control. If we see that happening, we will sell a percentage of our bonds accordingly.

Watching Economic Indicators

We will continue to keep an eye on key economic indicators such as the U.S. Unemployment Rate. The Federal Reserve is also monitoring these indicators. This data helps to inform their policy and the sustainability of their asset purchase program.

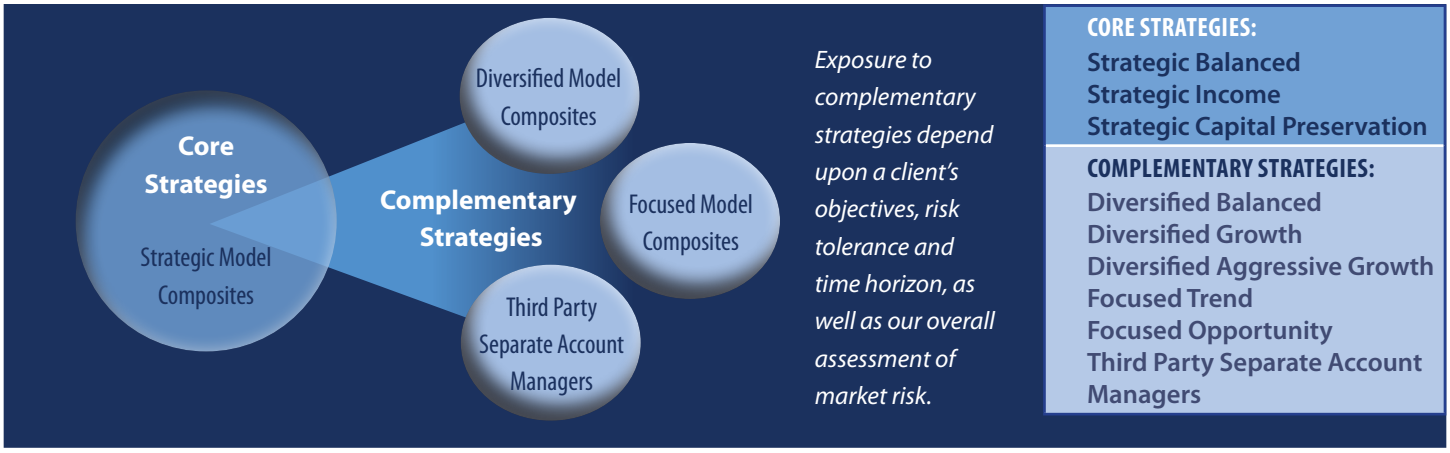
We will also keep an eye on the economic challenges faced by Europe, as well as here domestically, with our continuing dialogue regarding the debt crisis.

Taking A Longer-Term View

At Geier Asset Management, we believe that it is imperative to take a long-term view with an eye on effectively pursuing opportunity and managing risk.

In 2013 we will look to maximize attractive trends as they occur and thoughtfully add to our strategies as opportunities merit.

Geier Asset Management Models



As a conservative asset manager, Geier Asset Management offers three actively managed core investment strategies including Strategic Balanced, Strategic Income and Strategic Capital Preservation. These core strategies can be complemented in an investor's portfolio by Geier's Diversified and Focused strategies, as well as third party separate account managers, to complete a comprehensive investment plan. These complementary strategies are designed to take advantage of certain opportunistic equity investments. Together, the unique balance of core and complementary strategies seeks to maximize capital appreciation while mitigating potential downside risks and near-term volatility.

Geier Asset Management Model Performance as of December 31, 2012

In our core Strategic portfolios, we target smaller, but positive returns over a typical ten year cycle. We strive to avoid losses, knowing that losses require an even higher percentage gain just to get back to break even. Our portfolios are actively managed. When we determine that a specific investment in a portfolio is no longer valid, it is abandoned as soon as possible. In addition a portion of the portfolio is reserved for the purchase of "portfolio insurance." When we deem that the market is in danger of a substantial decline, we purchase inverse investments to counteract this risk. Our Strategic portfolios are a good example of the "slow and steady" approach.

CORE STRATEGIES

Strategic Balanced as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
Gross Return	(1.5%)	(1.5%)	1.6%	(3.4%)	1.4%
Net of Fee Return	(2.5%)	(2.5%)	0.6%	(4.4%)	0.4%

Strategic Income as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
Gross Return	4.7%	4.7%	4.8%	4.0%	N/A
Net of Fee Return	3.7%	3.7%	3.8%	3.0%	N/A

Strategic Capital Preservation as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
Gross Return	3.0%	3.0%	3.4%	4.0%	5.7%
Net of Fee Return	3.0%	3.0%	3.4%	4.0%	5.7%

Our Diversified portfolios consist of various mutual funds that we have selected based on their history of consistent, year over year performance in beating the market indexes. The funds included in these portfolios have long-tenured managers, low expenses, and management styles that have performed better than their benchmarks in down markets. The Diversified portfolios are well allocated across large, medium and small companies, as well as value, core and growth sectors. Additional diversifiction is attained by including both U.S. and International markets. Clients invested in these Diversified portfolios should expect potentially higher returns than our Strategic portfolios, but also the inherent volatility of a higher risk investment.

COMPLEMENTARY STRATEGIES

Diversified Aggressive Growth as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
Gross Return	13.4%	13.4%	7.6%	0.2%	N/A
Net of Fee Return	12.4%	12.4%	6.6%	(1.2%)	N/A

Diversified Growth as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
Gross Return	12.3%	12.3%	6.4%	0.7%	N/A
Net of Fee Return	11.3%	11.3%	5.4%	(1.7%)	N/A

Diversified Balanced as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
Gross Return	12.0%	12.0%	8.1%	3.1%	N/A
Net of Fee Return	11.0%	11.0%	7.1%	2.1%	N/A

Our Focused portfolios are the inverse of our Diversified portfolios in that the investments in the Focused portfolios are highly concentrated on a targeted approach. Asset allocation is not a consideration. Instead we select sectors or trends within the overall investment arena that we believe have the best potential for substantial gains over a five to ten year period. Such trends usually attract speculators who move in and out of these sectors at will, resulting in extreme swings. For the Focused Opportunity portfolio, we try to anticipate significant bottoms and tops and buy and sell accordingly. Due to their intense concentration and volatility, the Focused portfolios are our most risky strategies.

COMPLEMENTARY STRATEGIES

Focused Trend as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
Gross Return	20.5%	20.5%	(27.5)	(23.0)	N/A
Net of Fee Return	19.5%	19.5%	(26.5)	(22.0)	N/A

Focused Opportunity as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
Gross Return	16.9	16.9	(20.5)	N/A	N/A
Net of Fee Return	15.9	15.9	(19.5)	N/A	N/A

Major Index Returns as of 12/31/12					
	Current YTD	1 Year	3 Year	5 Year	10 Year
DOW	9.4%	9.4%	8.7%	0.2%	4.8%
S&P 500	13.4%	13.4%	8.5%	(0.6%)	4.9%
Lipper Balanced	11.9%	11.9%	8.1%	2.8%	6.4%
Barclays U.S. Aggregate Bond	4.2%	4.2%	6.2%	6.0%	5.2%

About Geier Asset Management, Inc.

Geier Asset Management, Inc. is a registered investment advisory firm offering comprehensive financial services including investment planning, financial planning, and portfolio management. Our firm is committed to helping you improve your long-term financial success.

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Disclosure

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Investments in real estate investment trusts (REITs) and real estate related securities involve special risks associated with an investment in real estate, such as limited liquidity and interest rate risks and may be more volatile than other securities. In addition, the value of REITs and other real estate related investments is sensitive to changes in real estate values, extended vacancies of properties and other environmental and economic factors.

Investments in international markets present special risks including currently fluctuation, the potential for diplomatic political instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards. Risks of foreign investing are generally intensified for investments in emerging markets.

An investment in an exchange-traded fund (ETF) generally presents the same primary risks as an investment in a conventional fund (i.e., one that is not exchange traded) that has the same investment objectives, strategies, and policies. The price of an ETF can fluctuate up or down, and the Fund could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs may be subject to the following risks that do not apply to conventional funds: (i) the market price of an ETF's shares may trade above or below their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tired to large decreases in stock prices) halts stock trading generally.

The Fund may use derivative instruments. Derivatives are investments the value of which is "derived" from the value of an underlying asset (including an underlying security), reference rate or index. The value of derivatives may rise or fall more rapidly than other investments. For some derivatives, it is possible to lose more than the amount invested in the derivative. Derivatives may be used to create synthetic exposure to an underlying asset or to hedge a portfolio risk. If the Fun uses derivatives to "hedge" the overall risk of its portfolio, it is possible that the hedge may not succeed. This may happen for various reasons, including unexpected changes in the value of the rest of the Fund's portfolio. Over the counter derivatives are also subject to counterparty risk, which is the risk that the other party to the contract will not fulfill its contractual obligation to complete the transaction with the Fund.

The Fund may engage in short selling activities, which are significantly different from the investment activities commonly associated with conservative stock funds. Positions in shorted securities are speculative and more risky than "long" positions (purchases) because the cost of the replacement security is unknown.

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