



October 23, 2012

RE: 3rd Quarter 2012

The equity markets continue to forecast positive resolutions to the preponderance of worries that dominate thinking and political debates over the state of the U.S. economy.

In the third quarter, the S&P 500 hit a new high as did Curran's Core Growth Equity and Balanced (Equity & Fixed Income) Composites. Year-to-date the stock market was up 16.4% on a total return (price changes plus dividend income) basis.

INDEX	3rd Quarter 2012	Year to Date	LATEST 12 MONTHS
	%	%	%
Domestic Equity			
S&P 500 Index	6.35	16.44	30.20
S&P 500/Citi Growth Index	6.40	17.00	29.65
S&P 500/Citi Value Index	6.30	15.78	30.81
Dow Jones	5.02	12.19	26.52
Russell Midcap	5.59	14.00	28.03
Russell Midcap Growth	5.35	13.88	26.69
Russell Midcap Value	5.80	14.03	29.28
Russell 2000	5.25	14.23	31.91
Russell 2000 Growth	4.84	14.08	31.18
Russell 2000 Value	5.67	14.37	32.63
International Equity			
MSCI ACWI ex US	7.49	10.86	15.04
Domestic Fixed Income			
Barclays Gov/Credit Int. Bond	1.40	3.53	4.40
BofA ML 0-3 Year Treasury	0.19	0.28	0.43
BofA ML Muni 1-3 Year	0.32	0.98	1.30
Consumer Price Index	0.84	2.54	1.99
Cash Equivalents			
Citigroup 3-Mo. Treasury Bill	0.02	0.05	0.05

We are seeing signs of improvement in the U.S. economy.

For the 12 months ending September, retail sales and industrial production grew 5.4% and 2.8%, respectively. Housing starts were up 35%, and inflation remained subdued at 2%. The unemployment rate, while still high, declined from 9% last September to 7.8%.

We believe the economy, with the continued help of very low interest rates, will continue to make slow but steady improvement.

The stock markets reacted favorably to actions by the U.S. and European central banks

The Federal Reserve's third round of quantitative easing focuses on the housing sector, which has been a drag on economic growth. The Fed is purchasing \$40 bil a month of agency mortgage-backed securities to depress mortgage rates, bolster economic activity, and facilitate a sustained improvement in the labor market.

The central bank is also putting downward pressure on long-term interest rates by continuing to year end Operation Twist, a program to extend the average maturity of its securities holdings. In addition, short-term interest rates will be kept exceptionally low through mid-2015.

While these measures may prove helpful in the near term, in the long term we have concerns over the reversal of quantitative easing, inflation, and the significant impact of a rise in interest rates on the price of fixed-income securities. We continue to recommend investors avoid long-duration fixed-income securities.

The European Central Bank agreed to a program to directly purchase 1-3 year sovereign bonds of indebted member countries, provided the country agrees to a fiscal adjustment program. This measure is intended as a back stop. Although the international stock markets, as measured by the All Country World ex US index, increased 7% in the quarter, we remain cautious on Europe. The region is in recession, and the decisions on specific bailout packages and a long-term plan to resolve the Eurozone debt crisis are pending.

Volatility receded for Q3. Fiscal policy issues will heighten volatility in Q4

After the election, when attention turns to addressing the impending fiscal cliff, we expect volatility to heighten. Unless Congress acts, automatic sequestration spending cuts will be triggered at the start of the year. These substantial budget cuts in combination with the expiration of tax cuts are referred to as the fiscal cliff.

We are optimistic Congress will take action to prevent severe fiscal contraction. While we believe the country must accept a long period of rehabilitation or continued crises are likely, cutting too much too fast would jeopardize our economic recovery.

In aggregate, corporate profits were impacted by slower Q3 global economic growth

With the moderation in corporate profits, our focus on business fundamentals is important. Our philosophy has always been that a diversified portfolio of high quality stocks provides the highest returns with the least risk. In our view, companies that employ the least debt, earn the highest consistent returns on equity, and enjoy the most predictable, dependable earnings growth prove to be the best companies to own.

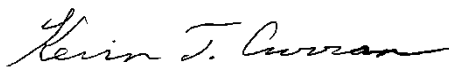
Curran Investment Management is grateful for your trust in us. Kevin and I welcome your opinions and invite you to call us to discuss your portfolios.

Curran Investment Management® is Defining Quality.®

Sincerely,



Thomas J. Curran
President



Kevin T. Curran, CFA
Vice President



Deborah M. Lyttle
Senior Research Analyst

Sources: Federal Reserve Bank of St. Louis, U.S. Federal Reserve, U.S. Department of Commerce, U.S. Department of Labor

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In the third quarter of 2012, the following changes were made in the portfolios we manage.

Buy/Increase	Sell/Decrease
Core Equity Portfolio	
	Mastercard Incorporated (MA)
	Novo Nordisk A/S (NVO)
Celgene Corporation (CELG)	
Intuitive Surgical, Inc. (ISRG)	
Tractor Supply Company (TSCO)	
Mid Cap Portfolio	
Donaldson Company Inc. (DCI)	Mettler-Toledo International, Inc. (MTD)
Small Cap Portfolio	
Sun Hydraulics Corp. (SNHY)	Bio-Reference Laboratories Inc. (BRLI)
GT Advanced Technologies Inc. (GTAT)	
Growth & Income	
	The Sherwin-Williams Company (SHW)
BHP Billiton Limited (BHP)	
McDonald's Corp. (MCD)	
Intel Corporation (INTC)	
Johnson Controls Inc. (JCI)	
Universe Top Performers Portfolio (earliest to latest)	
Sturn Ruger & Co. Inc. (RGR)	Tractor Supply Company (TSCO)
Hibbett Sports, Inc. (HIBB)	Liquidity Services, Inc. (LQDT)
Michael Kors Holdings Ltd. (KORS)	Catamaran Corporation (CTR ^X)*
Catamaran Corporation (CTR ^X)	Dollar Tree, Inc. (DLTR)
Watson Pharmaceuticals, Inc (WPI)	Buffalo Wild Wings Inc. (BWLD)
Biogen Idec Inc. (BIIB)	Cerner Corporation (CERN)
Edwards Lifesciences Corp. (EW)	Questor Pharmaceuticals, Inc. (QCOR)
Ancestry.com Inc. (ACOM)	Mastercard Incorporated (MA)
FleetCor Technologies, Inc. (FLT)	Monster Beverage Corporation (MNST)
Teradata Corporation (TDC)	Priceline.com Incorporated (PCLN)
PetSmart, Inc. (PETM)	Hibbett Sports, Inc. (HIBB)
Questor Pharmaceuticals, Inc. (QCOR)	Dollar General Corporation (DG)
	Cirrus Logic Inc. (CRUS)

* This stock was purchased as SXC Health Solutions; it underwent a name change on 7/11/12.

Note: The following portfolios had no changes: International ETF, International Portfolio, Portfolio for Income and Portfolio for Growth.

Curran's Method for Capital Loss Harvesting (for managed accounts)

Throughout the year, and especially as the end of the year approaches, we review client taxable accounts (i.e., other than tax-deferred accounts such as IRAs) to identify equity positions with substantial capital losses.

Typically then we sell the position in order to book the loss for income tax purposes.

If it is a position we want to continue to hold indefinitely, we would buy a temporary replacement security, that is, something similar to the original security, and hold it for 30 days.

After 31 days we can sell the replacement position and repurchase the original security. This is necessary in order to avoid the so-called IRS "wash sale" rule, which suspends the recognition of tax losses on securities that are sold and repurchased within 30 days.

The result of this loss-harvesting is to create a pool of capital losses that can be used to offset capital gains and other income. By this means we minimize the amount of net capital gains on which taxes are due.

Tax Loss Harvesting		
Sold	Purchased Temporary Replacement	Status
Small Cap Portfolio		
ClickSoftware Technologies Ltd. (CKSW)	PowerShares S&P SmallCap Info Tech (PSCT)	Reviewing
GT Advanced Technologies Inc. (GTAT)	PowerShares S&P SmallCap Info Tech (PSCT)	Reviewing
Bridgepoint Education Inc. (BPI)	PowerShares S&P SmallCap Consumer Discretionary (PSCD)	Reviewing