



Baltimore Capital Management

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SAMPLE CLIENT LETTER

Dear Client,

For the first quarter of 2010 your account returned xx%. Over the same period, the S&P 500 Total Return Index (S&P) gained 5.39% while the Dow Jones Industrials Average increased 4.82%.

After a minor correction of 9% between January 19th and February 8th, the S&P continued its ascent and closed near the highs of the rally beginning in March of last year. One group conspicuously absent from the rally and a focus of our attention is the “Blue Chips”. As discussed in prior letters, we maintain that large companies with geographically diverse revenue streams trading at low price to earnings multiples and above average dividend yields present tremendous opportunities for investment. The yield on 10 Year United States Treasury bonds hovers around 4%. We feel equities with comparable and in some cases higher dividend yields and the potential for capital appreciation offer much better investments.

International markets have been mixed thus far in 2010. The European cohort dubbed the “PIIGS” (Portugal, Ireland, Italy, Greece, and Spain) highlight the many problems with exploding sovereign debt and entitlement programs. Greece proved particularly challenging as its government acknowledged carrying debt levels well beyond what it had been reporting to the European Union. This revelation required the EU and IMF to come to Greece’s aid in financing its sovereign debt. Fortunately, the Greek economy is a minor piece of the European economy. Though a disaster was avoided, the reality that many countries, the United States included, face elevated and unhealthy debt levels remains.

As we have with our domestic investments, we currently focus our international investments on high quality and adequately capitalized names with emphasis on Asian and Latin American economies. Though these economies are not devoid of the cyclical challenges all economies face, they are generally in far better fiscal shape than their European peers. Two additional advantages these geographic regions enjoy are growing populations and access to natural resources.

Our outlook remains cautiously optimistic. The economy in the United States is clearly healing and the odds of slipping back into recession decline as each day passes. Stubbornly high unemployment and uncertainty as to how markets react as the Federal Reserve removes fiscal stimulus remain. We expect the recovery to continue along a bumpy but demonstrably improving path for the foreseeable future.

As always, please feel free to call or email us with any questions or concerns you may have.

Sincerely,

Alec Graham

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- If you wish to receive all your statements from BCM via email in the future, please notify us either by phone 410-727-4480 or via email: sandrrossner@baltimorecapital.com

Upon written request, we will deliver a copy of our Part II of the form ADV and a balance sheet.