



OLD MISSION INVESTMENT COMPANY
OLD MISSION TRUST COMPANY

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Annual Letter to our Clients - 2013

We are pleased to report that 2012 was a good year. To sum it up, stock investors cheered and bond investors smiled.

The economy dodged a bullet for 2013 with the resolution on the fiscal cliff issues that were front and center during the end of 2012. Thankfully, things were resolved with compromise in mind and with little harm to the short-term economic growth expectations that will lead our economy into a better pattern of growth and employment. The election made everyone stand up and take notice and unfortunately the stalemate that we have in Congress may continue well into the next few years.

Corporate profitability for 2012 remained strong and we believe this will continue well into 2013. We saw high rates of growth as sales and revenues for major corporations continued to benefit from healthier balance sheets and income statements. Companies have largely benefitted from efforts in 2008 and 2009 to get 'lean and mean' should the recession of 2008 have continued for any length of time. Fortunately, the recession came to a quiet end yet companies and investors continue to reap the benefits of a stronger financial positions. Dividends remain a strong component to investment returns and sadly for investors who hold large amounts of cash or certificates of deposit, interest rates remain low and are expected to remain low. A certificate of deposit investor with \$300,000 back in 1995 could have expected \$20,000 in annual income. Now, they receive less than \$4,000. This is a tough nut to swallow for conservative fixed income investors, and has caused many to move funds elsewhere in efforts to seek better yields and returns.

The municipal bond market enjoyed a very successful year despite rumors of poor state and municipal revenues. With higher tax rates for some investors come even more demand for tax-favored investment options such as municipal bonds and dividend paying stocks. For conservative investors seeking income from their investments, corporate bonds still remain a high-quality investment option. Interest rates will most likely remain low for the near-term, since the Federal Reserve has committed to a low interest rate stance in order to spur economic growth. Inflation is on the minds of most investors, but it's largely been a non-issue and may remain so unless banks release the large amount of reserves they presently maintain through the Federal Reserve. Until reserves are deployed into the economic system, inflation should remain rather low. We continue to monitor the inflation and interest rate situation very closely.

During 2012 we also welcomed a new addition to our firm - Old Mission Trust Company. We continue to look at the demographics of our client base and tailor our offerings based on the specific needs of our clients. We recently announced a partnership with a Northern Michigan banking institution in efforts to provide investment and trust solutions to their depositors, and are pleased to announce that business, in sum total for our firm, is going very well. Should you need to have your trust documents reviewed by our firm, please let us know. We continue to have many 'best practices' concerning trust management that might benefit you and your family when trust administration is finally needed. We would like to help.

We have enjoyed our relationship over the past year, and look forward to a prosperous relationship with you and the families we serve during the upcoming year. As tax matters, estate and trust, and investment management issues catch your eye, please consider us a resource for anything relating to your financial needs. We have appreciated having you as our client, and look forward to continuing our advisory relationship for the long term.

Our very best for a healthy and prosperous New Year,

The Old Mission Investment and Trust Companies

Christopher M. Lamb, CIMA, CTFA
Chief Executive Officer and Principal