HCM Hengehold Capital Management LLC

QUARTERLY REPORT

FOURTH QUARTER 2011

The HCM Way

As part of my New Year's tradition, I like to revisit the principles upon which HCM is built.

Our goal has always been to help our clients plan for financial security in their families' lives. I have always believed financial security is achieved only when the cash you need to live your desired lifestyle is:

♦ **Dependable** ♦ **Diversified** ♦ **Growing** ♦ **Protected**

Our mission is to assist clients preparing for and living in retirement with specific investment, tax, cash flow and safety measures to help maintain the financial security they have achieved.

We partner with our younger clients, who are many years from retirement, to help them build financial security through the development of long-term savings and investment plans.

Please call to schedule a time to review your questions about financial security and how we might help you achieve your goals.

Thank you for your confidence in HCM.

You are invited to utilize our new Wealth Management Tool. This personalized tool will help you organize and monitor your financial assets to give you a better understanding of your "Big Picture." We are providing this service as a complimentary benefit to all HCM clients.

Please visit our website at www.hengeholdcapital.com or call us at 513.598.5120.

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Review and Outlook

As you know, we have been cautious during all of 2011. As it turned out, this was an appropriate strategy. The returns for the major markets around the globe ranged from nearly flat to extremely disappointing, as can be seen in the following table.

U.S. S&P 500	2.1%
United Kingdom	-2.5%
Japan	-14.2%
France	-16.0%
Germany	-17.5%
China	-18.2%
Russia	-19.3%
Brazil	-21.6%
India	-37.2%

The factors that gave rise to our concern in 2011 continue to trouble us in 2012. The most significant of these are the ongoing sovereign debt crisis in Europe, high unemployment in the United States, ongoing deleveraging, questions surrounding tax policy and the near-term threat of renewed recessionary forces as suggested by a number of the leading indicators we monitor.

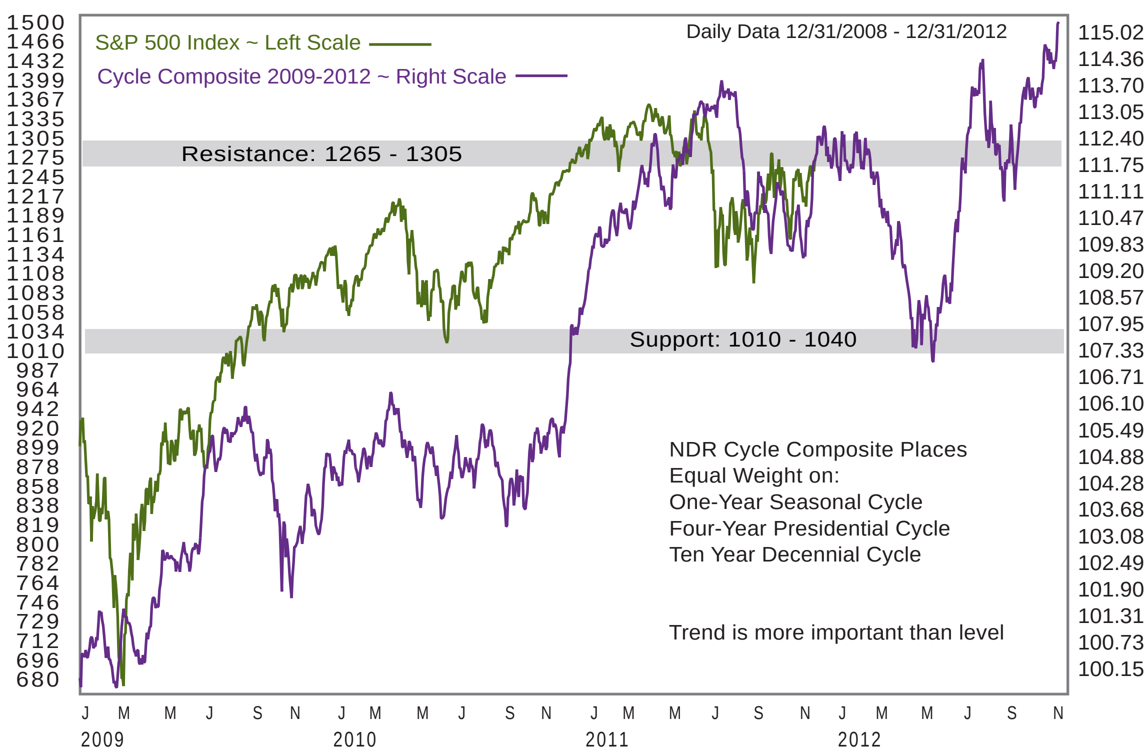
As risk managers focused on your long-term financial security, we believe it still makes sense to underweight equity risk until either valuations improve or some of these economic clouds begin to rise.

Don't confuse our conservative stance with a negative market forecast. We don't put any effort into predicting the future. However, at this time we believe the risks to our capital outweigh the existing opportunities, and we are invested accordingly.

It's election time

As the primary season begins, what investment message would be complete without a little election-year prognostication? The following chart shows the actual performance of the S&P 500 (green line) and a cyclical prediction (purple line) of the entire four year election cycle. The forecast is based on an equal weighting of the one-year seasonal cycle, four year election cycle and the 10 year decennial cycle. Disclaimer: while this chart is interesting, it is for cocktail party talk only. One should never invest based on a simple forecast. However, the areas marking both support and resistance do have technical significance in today's market.

S&P 500 vs NDR Cycle Composite



Source: Ned Davis

Welcome ~ Rob Himmler

HCM is pleased to announce the newest member of the team, Rob Himmler. Rob is a CPA with degrees in accounting and business administration. He has worked in the field of accounting for over 27 years, and started his career with the Hengehold Group C.P.A. firm. Rob will be handling internal accounting & HR responsibilities here at HCM.

Decision-Making Made Easier

Would you like help determining if it would be better to refinance your home now, or just keep your current mortgage? Are you trying to decide whether to lease or buy your next car? We can help!

We have just added a number of Financial Calculators to the HCM website.

- Go to **www.hengeholdcapital.com**
- Under **News & Insight** on the menu bar, you will find **Financial Calculators**

We have added tools that can help you with decisions regarding Taxes, Loans, Retirement Contributions, and Social Security.

Let us know what you think!

2012 Retirement Plan Contribution Limits

Retirement Plan	2011	2012
IRA	$5,000	$5,000
IRA Catch-Up (Age 50+)	$1,000	$1,000
Roth IRA	$5,000	$5,000
Roth IRA Catch-Up (Age 50+)	$1,000	$1,000
401(k)	$16,500	$17,000
401(k) Catch-Up (Age 50+)	$5,500	$5,500
Simple IRA	$11,500	$11,500
Simple IRA Catch-Up	$2,500	$2,500
403(b)	$16,500	$17,000
403(b) Catch-Up (Age 50+)	$5,500	$5,500
403(b) Lifetime Catch-Up*	$3,000	$3,000

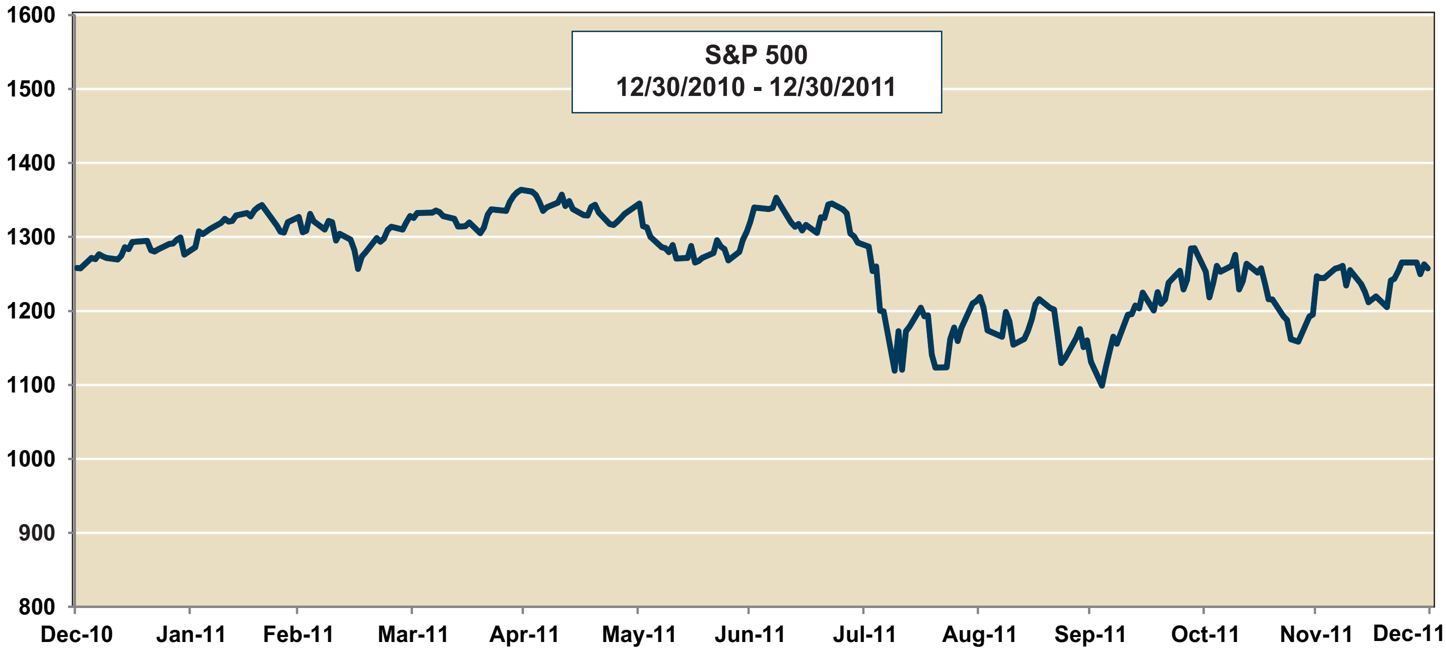
* 15 years of employment and contributed, on average, less than $5,500 per year to plan.

2011 Tax Form: Important Mailing Dates

- Form 1099 for brokerage accounts will be mailed either in late January or mid-February 2012, depending on the types of securities within your portfolio.
- If Schwab receives updated information from the issuers of securities after the original Form 1099 is mailed, they will send a corrected form with the revisions clearly highlighted.
- Starting with the 2011 tax year, the IRS requires reporting of cost basis information for securities sold during the year on Form 1099-B. The 1099-B has been redesigned to accommodate this new information.

This newsletter provides financial and tax information to clients and friends of Hengehold Capital Management LLC. This information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.

Major Market Events



October 2011	November 2011	December 2011
European leaders reached an agreement to bring the debt crisis under control.	The congressional supercommittee was unable to agree on terms to cut national deficit. As a result, $1.2 trillion in across-the-board budget cuts are slated to begin in 2013.	Congress approved a two-month extension of the payroll tax cuts that were scheduled to expire in January 2013.

We Welcome Your Referrals

We value your trust and confidence. We would be honored to provide our wealth management services to those you care about, such as your friends, family, neighbors and business associates.

Offices

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About Us

When you decide to work with an Advisor to help plan and implement your investment strategy, it is important to work with professionals willing to take the time necessary to understand your situation and help you create solutions uniquely suited to your needs.

Your relationship with Hengehold Capital Management LLC is managed on a full time basis by experienced advisors. Your advisors are always available to answer your questions, either in person or by phone.

At HCM, we focus on retirement-oriented investing and truly personalized relationships. We provide sound professional portfolio management services using the top technology, research, and analytical skills of our investment professionals.

www.hengeholdcapital.com