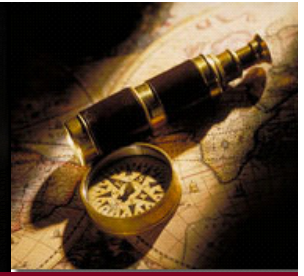




Quarterly Update



1st Quarter 2010

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FROM THE PORTFOLIO MANAGER

In ancient Rome, engineers constructed bridges for the military. As the first soldiers and equipment marched over the newly constructed bridges, engineers were forced to stand under the bridge. This process insured that construction was well designed and crafted. If it was not, so much for the engineers. This is one of the earliest examples of ALIGNMENT OF INTEREST.

Sadly, today's investment community has drastically diverged from these principles. Wall Street, as defined by brokers and investment bankers, has little incentive to align their interests with their customers. Salesmen are paid based on the profit margins of their firms. When a new security is issued, investment firms are paid both by the issuing corporations and then are incentivized to recommend these securities to their customers.

Recently, a large New York City housing project, Stuyvesant Village, was turned over to creditors. Two large investment firms had financed the purchase and raised \$5.4 billion for debt. These two firms sold the interests to outside investors. The same two firms put only \$112 million each of their own money into the deal. They probably received upfront fees in excess of their investment so their net investment was probably close to zero. They stood to reap enormous profits from their tremendous leverage if the deal worked and risked next to nothing if it failed. This deal is the perfect metaphor for all the collapsed mortgages, derivatives and countless others you have heard of or read about over the past two years.

Financial reform bills are circulating in the Congress. Many are designed to deal with some of the issues I have raised. One has a provision which makes it a requirement that an investment house have the primary obligation to treat their clients' interest first and foremost. Can you imagine that our state of affairs is so bad that we have to publicly make this a requirement? Please write your representatives and urge them to vote for the legislation.

Americans are questioning the integrity all of their institutions. So, how does one invest in this sort of environment?

First, unlike Wall Street, Greystone and other registered investment advisors have always been held to a fiduciary standard. Second, we try to carefully check out the management of our investees to assure their integrity. Third, we prefer to invest in companies where managements have a degree of their net worth invested in their own companies. We firmly believe that if you own it, you treat it carefully. Fourth, we invest in companies with a modest amount of debt. Fifth, the principals of Greystone mostly invest in the same securities we invest for our clients.

None of this is going to guarantee success, but when an investor or their advisor tries to design an investment system where there is ALIGNMENT OF INTEREST, it increases the odds that the bridge will not fall down on your head. HERE'S TO THE ROMANS!

Greystone celebrated its ninth anniversary in March of this year. We are grateful to our clients for this opportunity!

Peter F. Levin

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FIRST QUARTER ACTIVITY

Alphabetical listing of all equity block buys and sells in the quarter with a summary of the largest (by block trade value) buy and sell.

BUYS:

Bank of New York Mellon (add)
Brookfield Asset Mgmt. (add)
Groupe Danone
Encana Corp.

SELLS:

Alcon (trim)
Costco Wholesale Corp.
Devon (trim)
Heineken Holding
Procter & Gamble (trim)
XTO Energy

BUY:

Danone (GPDNF)

Headquartered in Paris, France, Danone is one of the world's leading food companies. It is the global leader in fresh dairy products and holds leading positions in packaged water, baby nutrition and medical nutrition. The Company's mission is to bring health through food to as many people as possible.

Our decision to invest specifically in Danone is based on the following...

1. Via acquisitions and divestitures, Danone has transformed itself into a global leader focused solely on health and wellness products,

giving it one of the most attractive growth profiles in the global staples universe.

2. Close to half of Danone's revenue is generated in developing and emerging markets where per capita consumption levels of dairy products are low compared to those in developed markets.

3. Danone has a history of generating substantial free cash flow and should continue to do so through innovation, productivity gains and working capital improvements.

4. The Company pays an attractive dividend, and the Board recently re-opened its share buyback for 2010. Prior to our share purchase, Danone improved its financial condition by reducing debt with proceeds from a rights offering.

SELL:

XTO Energy (XTO)

While we were pleased that Exxon Mobil agreed to acquire XTO Energy late last year, we decided there were better opportunities to reinvest this capital in other energy and non-energy related businesses.

PLEASE NOTE:

- Enclosed with the 3/31/10 Quarterly Report, you will find a copy of the Form ADV Part 2 with Schedule F. This is a Disclosure Document and also has our Privacy Policy. Please review and let us know if you have any questions.
- The link to our latest 13F filing can be found on our website. This quarterly filing reflects all equity holdings in discretionary accounts.
- **Investment Objectives. Please let us know if you have any changes.**
- Proxy Voting—If you would like a copy of how we voted your proxies and/or our guideline, please send us a written request.



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