April 12, 2011

Dear Friends of Coho Partners:

March was a challenging month, as investors tried to evaluate the implications to the growing unrest in the Middle East and Northern Africa, as well as the problems emanating from Japan. At the nadir, domestic markets were down about 5% mid-month, which erased all of the year to date gains. However, the domestic market staged a strong recovery over the back half of the month and finished with a small gain. We had a good absolute and relative month, which enabled us to post a competitive return for the quarter. So, 2011 is off to a nice start (best in over 20 years) and we will look to build on these returns over the balance of the year.

With all the imponderables still out there, we believe our conservative and defensive orientation is quite appropriate. Roughly two thirds of the portfolio's value is oriented towards companies where demand for their products or services tends to be reasonably impervious to economic downturns. As such, if any of these global concerns truly worsens, we should not see a meaningful impact to the earnings of these companies and we would not be surprised to see investors migrate towards these types of investments because they give one "peace of mind." The remaining one third of the portfolio is invested in more economically sensitive companies, but rest assured that even these investments are some of the most defensive companies within their industries. We affectionately call them our "chicken cyclicals." Here too, we believe the earnings stability is relatively high for these types of companies, but we could see some downward pressure on earnings if there were a major reversal in the global recovery, which at this point, still appears to be gaining traction.

Dividend income and more importantly, the growth in that income stream is a key component to our investment philosophy. So far in 2011, nearly half of our holdings have increased their dividend and about half of these increases were by more than 10%. We remain confident that by year end, essentially all of our holdings will have increased their dividend and we are optimistic that Amgen, our only non-dividend paying stock may announce a dividend in April when they host their annual investor day.

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As we look out to the end of 2011, we still believe that on top of the rising dividends, each of our holdings will post higher earnings this year than they did in 2010. However, the most important statistic may be that the forward four quarter P/E multiple for the portfolio is 13x, which is not expensive given the generous dividend yield and predictable and consistent earnings per share growth.

We look forward to updating you on our progress as we move forward. Please feel free to contact us at any time to discuss our outlook on the portfolio.

Sincerely,

Peter A. Thompson

Brian L. Kramp, CFA

PT & BK/