

MARKET REVIEW & OUTLOOK

The market was very volatile last year with huge movements (both up and down). There were 13 trading days in 2011 when the S&P 500 gained more than 2.1% in a single day. The last of these 13 days was on December 20th (thankfully!).

The stock market had a very strong 4th Quarter with the S&P 500 up approximately 11%. Unfortunately, some of the preceding quarters were poor. Overall the S&P500 was up only 2.1% (primarily a result of dividends) for 2011.

The bond market had a very good year with the Barclay's Aggregate Index up 7.8% for the year. Interest rates, in general, continued to fall throughout most of the period primarily a result of an influx of capital due to the Sovereign Debt crisis haunting Europe.

Total Market Returns as of December 31, 2011

(annualized if greater than 1 year)

	1 quarter	1 year	3 years	5 years
S&P 500	11.82%	2.11%	14.11%	-0.25%
Dow Jones Industrial Average	12.78%	8.38%	14.89%	2.37%
NASDAQ	8.21%	-0.76%	19.39%	2.45%
Russell 1000 Value	13.11%	0.39%	11.55%	-2.64%
Russell 1000 Growth	10.61%	2.64%	18.02%	2.50%
Russell 2000 (SMID)	15.47%	-4.18%	15.63%	0.15%
MSCI EAFE Index	3.38%	-11.73%	8.16%	-4.26%
MSCI Emerging Markets	4.45%	-18.17%	20.42%	2.70%
Barclays Capital U.S. Aggregate	1.12%	7.84%	6.77%	6.50%
3-month T-bill	0.01%	0.08%	0.12%	1.36%

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Dover's Form ADV Part 2 is Available

(see page 2 for more info.)

Winter 2012 Volume XX, Issue 1

Dover's Investment Methodology

The foundation of Dover's Investment philosophy is its disciplined approach to stock analysis, beginning with a quantitative analysis of companies based on strict fundamental criteria. This is followed by a more subjective evaluation of factors including portfolio diversification and individual company characteristics.

Large Cap Value Portfolio

Dover's value philosophy bases its buy/sell decisions on four criteria: rising earnings expectations, low relative price to earnings (P/E) valuation, improving profitability, and low historical P/E valuation. Stocks passing all four screens are considered buy candidates and will be further evaluated to establish quality and appropriateness for the portfolio.

Large Cap Growth Portfolio

Dover's growth philosophy begins by considering only large capitalization companies in the top 50% of earnings per share growth over the last three years. Dover then bases its buy/sell decisions on three criteria: return on investment (ROI), net sales growth, and free cash flow. Stocks passing these screens are considered buy candidates and will be further evaluated to establish quality and appropriateness for the portfolio.

Value/Growth (Core) Portfolio

Dover's value/growth, or core portfolio utilizes a blend of the top buy ideas from both the pure growth and pure value philosophies. The intent behind this method is to maintain less volatile portfolio returns over the course of a market cycle. The portfolio is structured with an emphasis on diversification, utilizing a wide blend of high-quality holdings across the various economic sectors.

MarketLine

(Market Review & Outlook cont'd from p 1)

Europe remained the clear driver of the market throughout the quarter. The sovereign debt crisis remained as intractable as ever as European leaders continued to squabble over bailout details. Stocks were jittery as a seemingly never-ending flow of bad news emanated from the continent. From a planned (and then scuttled) Greek referendum on the bailout to soaring credit spreads on Italian debt to an undersubscribed German bond offering, there were plenty of reasons for investors to worry. Markets cheered a plan hatched toward the end of the year to create a stronger fiscal union and for the European Central Bank to provide extensive support to struggling European banks, and the moves bought some time to put more permanent solutions in place.

While Europe was continuing its weakness, the U.S. economy grew stronger on a relative basis. It is anticipated that U.S. growth in the fourth quarter was likely north of 3%, much better than the almost-non-existent growth seen previously in 2011. The employment and housing markets began to show real signs of life, and consumers continued to open their wallets. Corporations also continued to post

strong fundamental growth, but many management teams reiterated that they are maintaining their cautious stance in 2012.

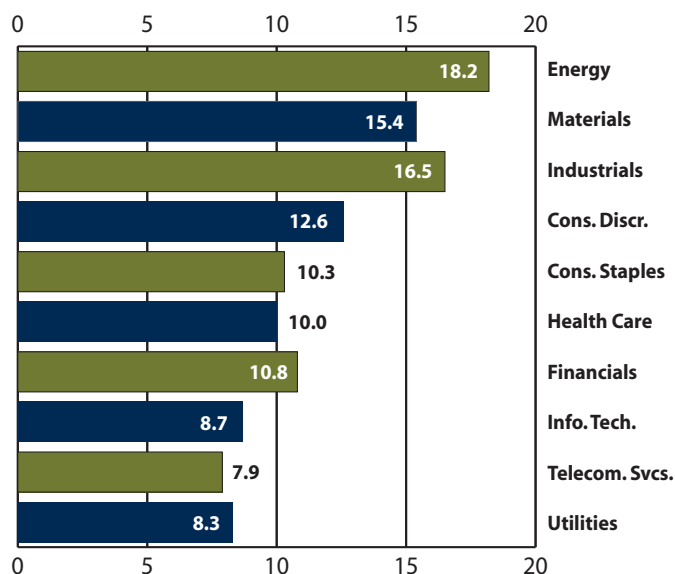
Where Do The Markets Go From Here?

We currently see data convincing us to anticipate outperformance in economically sensitive sectors. That said, 2011 brought extreme volatility that is expected to stay.

We continue to hold that a balanced approach between stocks for growth and bonds for income and stability still offers the best portfolio to ride out the uncertainty.

S&P 500 ECONOMIC SECTOR PERFORMANCE

Three Months Ending 12/31/11
Source: S&P Index Services, J.P. Morgan



ADV PART II OFFER

READ ALL ABOUT US

Dover's 2011 Form ADV, Part 2 continues to be available with our 2012 update to be completed by March 31. This document describes the products and services we offer, the fees we charge, and many other aspects of our business. For the first time, the document is now written in plain English.

You are entitled to receive a copy of this form, which serves as Dover Partners' SEC disclosure brochure, at any time. If you would like a copy, please contact Josh Smittkamp at josh@dover-partners.com or (937) 299-4105 ext. 839.

PROXY NOTIFICATION

Clients for whom Dover votes proxies can request a copy of your account's voting record by calling (937) 299-4105 ext. 839 or sending an e-mail to josh@dover-partners.com.

If you would like Dover to begin voting proxies for your account, please contact your broker or custodian to arrange to have proxy materials forwarded to Dover Partners, Inc.

*** WHAT'S NEW? ***

As your investment advisor, part of Dover Partners' fiduciary responsibility is to be aware of any changes in your financial needs or circumstances. We strive to make sure each client's assets are managed to best suit his or her unique situation.

To help us continue to manage your Dover Partners, Inc. account(s) in keeping with your financial needs, please take a moment to make us aware of any changes in your financial circumstances. This could include changes in employment or marital status, a change of residence, or a new addition to the family.

Also, please let us know at any time if you would like to set up an account review with a Dover representative. We would be happy to arrange a meeting. You can contact us by:

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STOCK HIGHLIGHT

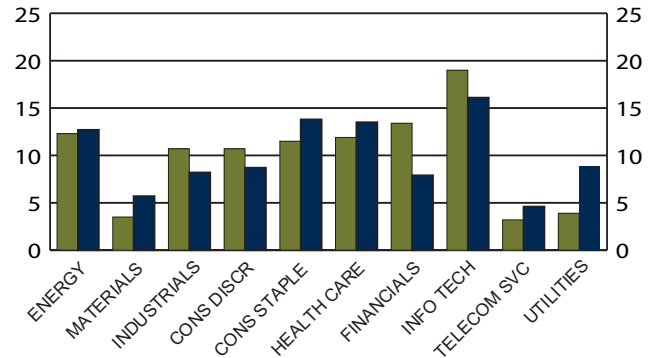
HollyFrontier Corp. (HFC) - HollyFrontier Corporation is an independent petroleum refiner that produces light products, such as gasoline, diesel fuel, jet fuel, specialty lubricant products, and specialty and modified asphalt. It has two segments: Refining and Holly Energy Partners, L.P. (HEP). As of December 31, 2010, it owned and operated three refineries. In July 2011, it merged with Frontier Oil Corporation. On November 9, 2011, Holly Energy Partners, L.P. and Holly Corporation acquired certain pipeline, tankage, loading rack and crude receiving assets of HollyFrontier Corporation.

Headquarters: Dallas, TX

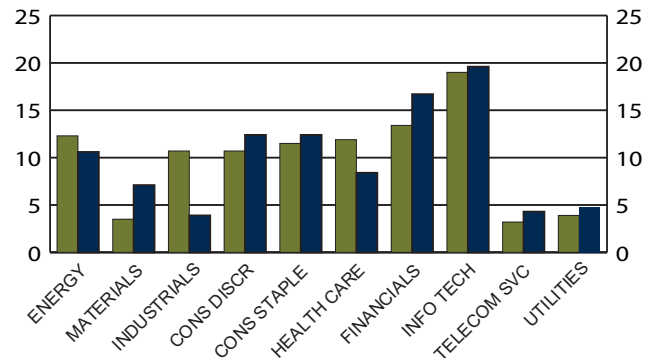
SECTOR DIVERSIFICATION

(as of 12/31/11)

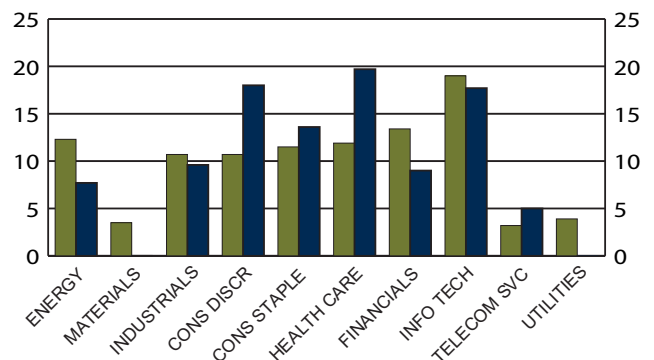
S&P 500 vs. Value Portfolio



S&P 500 vs. Core Portfolio



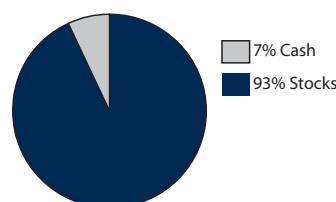
S&P 500 vs. Growth Portfolio



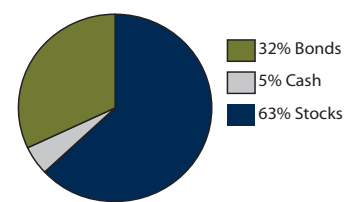
ASSET ALLOCATION

(as of 12/31/11)

Equity Accounts



Balanced Accounts



These are guidelines only and accounts are not necessarily expected to reflect the exact weightings listed above.

MARKET MONITOR

We didn't see significant changes in opinions for the 2012 investment outlook since last quarter. Noticeable macro themes were the same. These included U. S. economic slowing, the potential debt and recession problems in Europe, and continued political and geopolitical upheaval in the Middle East. So why are so many projecting sanguine investment forecasts?

The fourth quarter of 2011 provided positive double digit equity returns as evidence of continued good news on the U. S. economic front such as gains in corporate earnings, payroll numbers, construction, and vehicle sales. Also, as Europe appeared capable of resolving their union and debt crisis, the worst there seems behind them. Even China seemed to be averting an extended slowdown. Supporting this year returns will be earnings and low valuations.

Small capitalization stocks performed better than large cap, value disciplines bested growth, and domestic company stocks again led international and emerging markets. The best performing sectors were Energy, Industrials, and Materials. The worst were Telecommunications, Utilities, and Information Technology.

The above concerns left interest rates somewhat lower for the quarter helping bond prices and performance although at a slower pace than the previous quarter. High yield outperformed high quality, longer maturities did better than short, and tax-free municipals provided more return over taxables.

PERFORMANCE SCOREBOARD AS OF 12/31/11 (TOTAL RETURNS)

<i>Periods over 1 year annualized</i>	1 Quarter	1 Year	3 Years	5 Years
S&P 500 Index	11.82%	2.11%	14.11%	-0.25%
Dow Jones Industrial Average	12.78%	8.38%	14.89%	2.37%
NASDAQ Composite	8.21%	-0.76%	19.39%	2.45%
Dow Jones U.S. Large Value	12.69%	3.79%	11.89%	-1.99%
Dow Jones U.S. Large Growth	10.85%	-0.56%	16.93%	2.09%
Barclays US Gov't/Credit Bond	1.18%	8.74%	6.60%	6.55%
Barclays US Municipal Bond	2.12%	10.70%	8.57%	5.22%
Citigroup 3-month T-bill	0.01%	0.08%	0.12%	1.36%

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