January 31, 2014

First Long Island Investors, LLC

December 31, 2013

Our performance for both the fourth quarter and the full year was excellent. Our individualized asset allocation (which we regularly review) permitted our clients to participate in a great year for the equity markets. Our equity based strategies appreciated in a range from approximately 20% to almost 38%! One defensive strategy, Dividend Growth, through December 31, 2013 ranked in the top 15% of large-cap investment strategies since its inception on March 31, 2010. The bottom line is that we participated in a strong, but somewhat unexpectedly robust, equity market while focusing on preservation of capital. We urged clients over the past several years to maintain their participation in the equity markets by investing in our defensive and traditional equity baskets. This allocation has worked out very well with this strong performance in contrast to the weak performance of fixed income. As we have suggested in past letters, bonds offered little return, and the Barclay's U.S. Aggregate Bond Index declined slightly for the year (-2.0%) without taking into account inflation. Short-term rates remain low, reflecting the financial repression suffered by savers and investors alike. This has not been a great place to be over-allocated. Meanwhile, real estate and private equity also continued their recoveries. Our investments in these areas provided us with returns over the past year.

It is important to point out that the returns noted above were accomplished despite some troubling events and factors. Political paralysis resulted in a partial government shutdown during the fourth quarter, tapering of quantitative easing commenced in December, and long-term interest rates continued to tick up. Despite this, the apparent healing of the global financial system mitigated these negative factors and price-earnings multiples expanded, which were responsible for a significant part of the stock market appreciation for the quarter and year. Earnings growth for the average large company failed to keep pace with stock prices, but still contributed to overall stock market appreciation. Domestic markets outperformed most developed international markets, while emerging markets continued to struggle with negative returns. Fortunately, we have been underweight international markets and remain so.

Our year-end thought piece, which you received earlier this year, put forth what we believe to be a prudent asset allocation for the foreseeable future: underweight fixed income, overweight defensive strategies, and equal-weight traditional equity strategies. We believe this formula of diversified defensive and traditional equity allocations will weather what we expect to be greater volatility this year. We believe this will be caused by an environment characterized by a more mature bull market for equities, rising interest rates on the long end of the yield curve, geopolitical strife surrounding Iran, mid-term elections, and the uncertainty and higher consumer costs associated with the Affordable Health Care Act, to name several areas of concern. On the other hand, we continue to see global economic growth, including a slightly improved performance from Europe. Corporate earnings, both domestically and internationally, should also continue to grow and help support current valuations. As always, we believe the way to invest in equities is in quality companies and seasoned strategies, where concentration of positions and valuation discipline are paramount. Furthermore, due to last year's stellar equity market, good stock pickers should perform well this year. We do not think we will have the rising tide that lifted virtually all companies' share prices as we did last year. We also believe that there will be a continuing outflow from the existing mountain of cash on the sidelines and the over allocation to fixed-income positions into the global equity markets. This too would support current valuations, as well as some appreciation, especially for those companies that achieve better than average results.

Before we turn to the actual performance for the fourth quarter and the year for each of our strategies, we should mention that we have changed the name of our "defensive equity" basket to "defensive." This reflects our addition of a new investment strategy with less equity exposure than our other two strategies in this basket. . We believe this diversification makes sense and will have more to say about this strategy in a separate letter to suitable clients.

There is very little time to celebrate the accomplishments of 2013 as we have already set sail in 2014. Minor adjustments to asset allocations were recommended to some clients, where we believed necessary, towards the end of last year. We encourage you to call or visit us should you wish to make further changes or have cash to deploy. Our entire investment team stands ready to work with you. In the meantime, we wish you a happy, healthy, and prosperous New Year.

Best regards,

Robert D. Rosenthal	Ralph F. Palleschi
Chairman, Chief Executive Officer	President and
and Chief Investment Officer	Chief Operating Officer

*The forecast provided above is based on the reasonable beliefs of First Long Island Investors, LLC and is not a guarantee of future performance. Actual results may differ materially. Past performance statistics may not be indicative of future results.

Disclaimer: The views expressed are the views of Robert D. Rosenthal and Ralph F. Palleschi through the period ending December 31, 2013, and are subject to change at any time based on market and other conditions. This is not an offer or solicitation for the purchase or sale of any security and should not be construed as such. References to specific securities and issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities.