

HOW DO YOU MANAGE YOUR INVESTMENTS IN TIMES OF EXTREME UNCERTAINTY?

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2008 will be long remembered for its spectacularly unexpected twists and turns. But at the same time, many aspects of the recession and bear market of 2008

are playing out just as history has indicated they would.

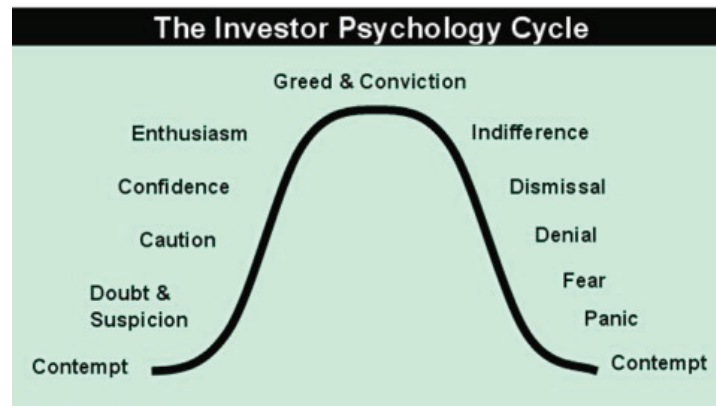
We're the first to admit that 2008 was a disappointing year. In tough markets it's easy to throw out investment disciplines in the belief that, "this time it's different!"

However, despite the unique factors of each market's up-and-down cycle, they all elicit the same, unchanging set of emotions from investors, ranging from greed at the peak and sliding down through dismissal, disbelief, denial, fear and panic before reaching contempt at the market bottom. Even though the emotional reaction to this bear market and poor economy was as expected, the big surprise was the unprecedented speed and volatility – everything played out in fast-forward and to extreme levels.

While it is interesting to look for bottoms in the market, the true test of an investment program is its ability to maintain allocations across investment strategies that perform well over the long run in different types of markets. History has repeatedly shown that the best long-term course of action is to stick to an investment discipline that has withstood the test of time, even if it appears to be off-course in the short-run. Over reacting to last year's investment returns while not focusing on the long term

results can often lead to doing the opposite of what is effective. One of our key strategies is to work with our clients to develop an appropriate asset allocation and maintaining it over time. The net result is to take profits when they are available, and

reinvesting in what has lagged and is often the performance leader going forward. We apply this to both asset classes (i.e. equities v. bonds) and investment styles (growth v. value). To be effective, the strategies must be ones which are highly complementary, one measure of which is correlation. Investment strategies with low correlations are ideal tools in maintaining a long-term asset allocation.

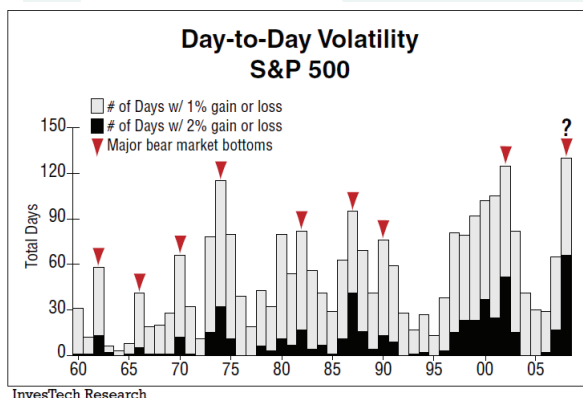


Source: RMB Unit Trusts

Having a long-term plan is important because, as has been shown time and time again, a significant amount of equity performance comes early in market recoveries. The accompanying table shows that, on average, 43% of the market gain in a bull market comes in the first 1/3.

Bull Markets	First 1/3	Second 1/3	Last 1/3	Total
1957 - 1961	51.5%	-5.3%	53.9%	100.0%
1962 - 1966	49.5	30.5	20.0	100.0
1966 - 1968	53.5	-5.0	51.6	100.0
1970 - 1973	64.4	8.0	27.6	100.0
1974 - 1980	49.2	-8.1	58.9	100.0
1982 - 1987	23.9	22.5	53.7	100.0
1987 - 1990	36.2	51.7	12.1	100.0
1990 - 2000	13.8	24.4	61.9	100.0
2002 - 2007	46.4	14.3	39.4	100.0

One of the challenges in maintaining a long-term focus is that market bottoms, while very difficult to see when they are happening, have historically come at periods of extreme volatility when it is very



easy for investors to give up on a sound long-term investment strategy. It is in these periods of extreme volatility, like what we are experiencing now, that a long-term perspective and strategy is most important.