



April 22, 2009

### **First Quarter Market Summary - Rudy Polanski**

In reaction to the near meltdown of the global financial system and the spreading economic recession, the global equity markets continued to decline in Q1, 2009. I maintained a large cash position for much of the quarter. In early March it appeared that the forced liquidation of equities by over-leveraged hedge funds and institutions had finally come to an end, leaving equities relatively inexpensive and the markets in a much over-sold state. I cautiously moved much of our cash back into the equity markets as the month of March progressed and equities rallied. However, while I held a substantial cash position for much of the quarter, we still experienced a loss for Q1 2009.

These are difficult and nervous times. I anticipate the markets will continue to be volatile. Central Banks around the world continue to cut interest rates and many Nations have initiated various programs to stimulate their economies and inject liquidity into their financial systems. It is unclear how long it will take to turn things around. However, the forced liquidation of equities which played such a key role in the vicious decline of the past six months has apparently abated. There are now trillions of dollars residing in money market funds earning less than 1%. The fear of loss by investors could soon turn to fear of being left behind, bringing much of that un-invested cash back into the equity markets. I will continue to be nimble and err on the side of caution as the resolution of this financial crisis plays out.

I want to thank you for your confidence and welcome any questions you may have.

Sincerely,

Rudy Polanski  
Sr. Portfolio Manager

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