Verity Investments, Inc.

MEMBER, NASD, SIPC

REGISTERED INVESTMENT ADVISER

CORE ALLOCATION March 31, 2008

Market Commentary and Outlook:

It is no secret to investors that the market upheavals of first quarter added significantly to the declines that ended 2007. From its peak on October 9, the S&P 500 fell over 18% to the March 10 low, with the greater part of those losses occurring since the beginning of the year. Fortunately, to date, our broad asset class diversification and risk management strategies have been effective in maintaining portfolio stability, as our maximum decline over the period has been just over 4%, and portfolio values have fluctuated closely around the break-even point throughout the first quarter.

GORDON T. WEGWART
Chief Investment Officer

As we continue to deal with what are likely the early stage consequences of a deflating bubble, with real estate values falling, credit availability dramatically shrinking, and major financial firms writing down assets in huge volumes with no assurance that the process is near its end, this would seem an opportune time to renew our emphasis on extreme caution.

But for the first time in many months, our primary focus is *beginning* to shift. This does not in any way mean we are abandoning our risk management, because extraordinarily dangerous issues remain. Yet, without minimizing the magnitude and likely duration of the resolution process, it is good news that concerns which were previously ignored are now acknowledged and placed squarely on the table, and we are optimistic that recognition may prove one of the first steps to recovery. With the problems being addressed on multiple levels and concurrently discounted by the market, we now have the type of environment from which sound opportunities very often emerge. Having effectively weathered the storm to this point, we are ready to begin seeking those opportunities.

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Given the very significant hurdles for the credit markets, real estate, and the consumer, we do not intend at this early juncture to buy more heavily into the broad market. Rather, in a market that is looking very fragmented, we have begun to incrementally commit capital to compelling investment themes which have already demonstrated relative strength in recent months. It is our belief that these sectors may well be among the market leaders when stocks eventually turn higher again.

While only time will tell whether the market first has greater declines in store, our current challenge is to maintain discipline while simultaneously beginning to position for potential growth opportunities.

Target Allocation By Asset Class

44.0%	Equities - Domestic & Foreign
16.5%	Gold, Energy & Commodity Related
3.5%	Foreign Currency
9.0%	Equities - Short (Leveraged 200%)
6.5%	Bonds - Foreign
12.0%	Bonds - Short
8.5%	Cash

About Our Methodology:

Effective investing is a process of considering risk and potential reward and seeking to overweight the odds of success while limiting the downside. Our portfolios thus reflect diversification across only those asset classes we currently believe to hold superior risk/reward profiles.

Although the time horizon of our core positions is not short term, we constantly monitor the marketplace in order to discern and adjust to changes in market dynamics and risk/reward outlook. As a result, even in areas we deem to be major long term themes, the size of allocations may fluctuate to reflect a changed shorter term outlook.

We will also seek certain shorter term opportunistic investments, but will do so only when consistent with our investment discipline.

Capital preservation is of utmost importance. This may lead us to reduce the size of investments in more volatile asset classes in response to short term concerns, but we will not eliminate them completely if our long term investment thesis remains intact.

We believe our methodology and investment discipline will serve our clients exceptionally well in all types of markets and over the long term, while providing us with the needed flexibility in an environment that may become increasingly volatile.