Verity Investments, Inc.

MEMBER FINRA, SIPC

REGISTERED INVESTMENT ADVISER

CORE ALLOCATION

MARCH 31, 2009

Market Commentary and Outlook:

For investors, the fourth quarter of 2008 was dominated by reaction to the massive global credit crisis and the sharp economic downturn it precipitated. The first quarter of 2009, alternatively, became a period of coming to terms with the challenges that face us and attempting to quantify them as the economy continued to decline. Will the current downturn ultimately prove epic in its depth and duration or "merely" a very serious recession? What else will government do, and how will its pervasive involvement impact the economy both now and down the road? Will nations maintain a reasonable spirit of cooperation in dealing with a truly global crisis, or will self-interested actions exacerbate the problems? There are still far more questions than answers.

GORDON T. WEGWART
Chief Investment Officer

With that said, there are initial signs to support the hope that the worst, while likely still ahead, may not become as dire as some have feared. Cognizant of these signs, the market, after cascading to new lows by early March on continued uncertainty, has responded with a strong surge leading into the end of the quarter.

As we assess the markets, we are looking for economic data that can provide us with confidence that solid foundations for sustained progress are moving into place. Two of the most critical data points involve credit and housing. While the credit markets have clearly improved, we are not yet convinced that they have sufficiently stabilized. In housing, it is encouraging that inventories of homes for sale are starting to fall in some of the hardest hit areas of the country, but evidence of a meaningful turn in the real estate market is still suspect.

> *". . . There are still far more questions than answers. . ."*

In sum, the hopeful signs of an economic turn, while welcome, are too few and too tenuous to be definitive. It is a given that we will not soon return to the economic environment of the recent past. Too much of our "wealth" and consumption relied upon irresponsible use of credit and leverage on a truly global scale, from small consumers to the largest financial institutions on the planet. Mountains of private debt are still being wrung out of the system. Ahead are likely major write-downs on credit card debt, the reality of tighter lending standards, and more foreclosures, not only for homeowners but for a growing wave of commercial real estate. At the same time, consumption will be hampered by higher savings rates for those with jobs and by the impending termination of unemployment benefits for the millions without.

To counter this powerful downward momentum, the Federal government has pulled out all the stops, and the outcome of that effort both short term and further ahead cannot be adequately determined at present. Until there are clear and reliable signals that new foundations are in place to support sustained increases in corporate profitability, maintaining a balanced outlook will be crucial as markets swing from optimism to fear and back again. One thing is certain: volatility of this magnitude creates opportunities. In addition, markets often turn well before the economic signs are clear, particularly in the face of such massive government stimulus. Cognizant of these factors, as we carefully manage for the still considerable risk, we also remain alert for opportunities that are arising amidst the turbulence.

For More Information:

KURT HOLLAR
PHONE: (800) 247-6717 x137
khollar@verityinvest.com

Target Allocation By Asset Class

49.8%	Equities - Domestic & Foreign
16.2%	Gold, Energy & Commodity Related
0%	Foreign Currency
14.5%	Equities - Short (Leveraged 200%)
8.0%	Bonds
10.0%	Bonds - Short
1.5%	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.