



Regatta Research & Money Management, L.L.C.

In-House Market Strategy Update

March 31st, 2008

Breaking News

Keeping Recent Market Losses in Perspective

History has shown stocks have provided excellent growth potential, but with this growth potential comes risk. Looking at the past, stock investors have seen declines of 5% to 10% quite regularly, and more severe corrections every few years. Going back to 1900, there have been 360 declines of at least 5% and about 60 declines of 15%. Market declines are so normal, in fact, that even in 1999—a year in which the Dow rose over 25%—there were three declines of 5% or more. The table below points out just how normal declines are. Even though we have seen these declines, over the long term the market has trended upward. Take for instance October 19, 1987, the Dow Jones Industrial Average dropped more than 20%, the worst one-day percentage decline in the index's history. Looking at a chart of the past 27 years, that day is barely noticeable in the stock market's overall success. Unfortunately the market usually doesn't go up in a straight line, historically there have been good times and bad times, but over time, the good times have outweighed the bad, and the market has continued to rise.

Declines in the Dow (1900-2007) ¹			
	Number of Declines Since 1900	Average Length (Days)	Frequency
"Routine" Declines (5%+ Loss)	360	39	3.3 per year
"Moderate" Corrections (10%+ Loss)	117	106	1.1 per year
"Severe" Corrections (15%+ Loss)	58	211	1 every 2 years
"Bear" Markets (20%+ Loss)	31	367	1 every 3 years

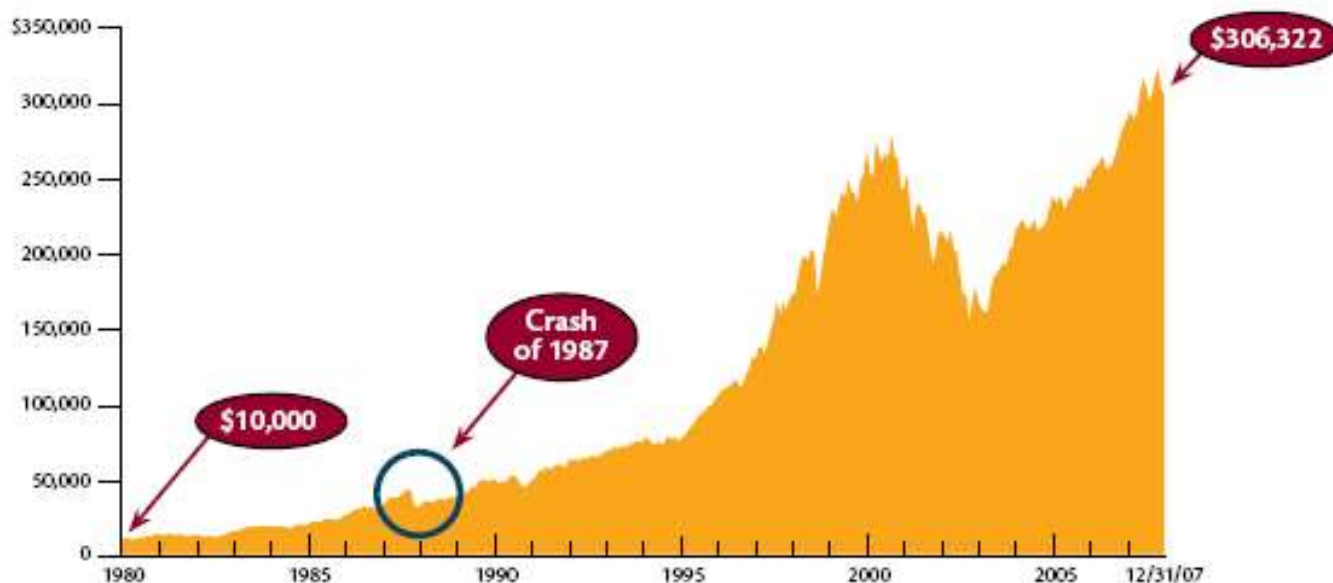
Source of chart data: Ned Davis Research, 12/31/07. Stocks are represented by the Dow Jones Industrial Average (DJIA), a widely used indicator of the overall U.S. stock market, without considering income, transaction costs or taxes. The DJIA is unmanaged and cannot be purchased directly by investors. This chart is for illustrative purposes only and does not predict or depict the performance of any investment. **Past performance does not guarantee future results.**

1. As of 12/31/07, these market declines/corrections were ongoing. Therefore, data related to "Average Length" and "Frequency" are subject to change.

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Today we have increased media and internet coverage, and are exposure to more economic news and events than ever before. This can be distracting for any investor, making it difficult to maintain a long-term focus. Smart investors stay put and maintain a long-term focus. What can you do maintain your long-term focus? Stay informed about the news and your portfolio's performance is important—but keep short-term events in perspective. Investing can be very rewarding. As the graph below shows, a hypothetical investment of \$10,000 invested in the stock market, as measured by the S&P 500 Index, in 1980 would have grown to \$306,322 by December 31, 2007. Those that sold in the crash of 1987 would have missed out on an extremely large amount of those gains, historically, staying the course and keeping short term losses in perspective has paid in the long run.

Growth of \$10,000 Invested in Stocks (1980–2007)



If you have any questions or concerns feel free to contact your advisor.

We thank you for your continued patronage and support!

Sincerely,

The Regatta Research Team

Source of chart data: FactSet, 12/31/07. The chart depicts the growth of a \$10,000 hypothetical investment in the stocks in the S&P 500 Index on 1/1/80 held to 12/31/07. The S&P 500 Index is a broad-based measure of domestic stock market performance that includes the reinvestment of dividends. The index is unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment.

Past performance does not guarantee future results. Due to ongoing market volatility, current performance may be more or less than the results shown in this presentation. The performance information does not show the effects of income taxes on an individual's investment. Taxes may reduce your actual investment returns or any gains you may realize if you sell your investment. An investor's shares, when redeemed, may be worth more or less than the original cost.