QUANTITATIVE ASSET MANAGEMENT, LLC
Investment & Advisory Services

Newsletter

April 8, 2009

Dear Clients,

Quarter Ending December 31, 2008		
Year to Date Performance	**YTD**	**Last Full Quarter**
Dow Jones Industrial Averages	(12.48%)	(12.48%)
NASDAQ Composite Price	(3.07%)	(3.07%)
Standard & Poor's Averages	(11.01%)	(11.01%)
Barclay's Capital Bond Index	(1.29%)	(1.29%)
EAFE-Global Markets	(13.86%)	(13.86%)

It seems as if the only good thing the close of the first quarter brought us was one quarter closer to the end of this bear market! The significant market declines of January, February and the first week in March were followed by a significant three- week rally to end the quarter. This market volatility will continue for a while and make for some anxious moments for investors.

The flight to safety has strengthened the U.S. dollars versus other currencies, and pushed treasury yields to record lows while pushing liquid reserves to record highs. Unlike previous bear markets, this liquidity has a cost: it is earning essentially zero. In the early seventies, yields exceeded eleven percent, and in the early eighties, money market funds paid sixteen percent. High interest rates created a lot of competition for equities. Because we also experienced high inflation, real estate, precious metals and collectables also competed for the investing dollar. Today, money market yields are non-existent, inflation currently is not an issue, and real estate is being liquidated. The equity markets have little long-term competition, and the current liquidity will be reinvested.

Before we see any sustained economic recovery, we will need to work our way back to financial stability. Commercial real estate, credit card debt and our housing markets are still in a precarious position, thus leaving our banking industry vulnerable. I feel we need to get past the next few quarters to work through these issues. By then the economy will begin to show the effects of the global efforts to jump-start the world economies. Currently, interest rates are at historic lows, energy costs are down significantly and the stimulus efforts should begin to positively impact corporate earnings. This should provide better quarterly comparisons, albeit from a lower base, which should improve investor sentiment and set the stage for a market

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recovery. Keep in mind that the markets will have already recovered significantly before there are tangible signs that we are out of the woods.

Please feel free to call at any time!

Sincerely,

Jeffrey L. Farni Sr.

**As required by Advisors Act Rule 204-3 advisory disclosure documents (ADV Part 2A) are available upon request.*

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