

BERNO FINANCIAL MANAGEMENT, INC.

7454 Jager Crt
Cincinnati, Ohio 45230
Telephone (513) 474-9191
E-Mail: bruce@bernofinmgt.com

FUN FACTS TO KNOW AND TELL

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The stock market ended the first three months of 2008 with nearly identical losses across all asset classes except real estate investment trusts, which eked out a slight gain. The slight gain in real estate investment trusts may seem like a surprise to most people but remember that REIT's are invested in commercial properties like office buildings and shopping centers and large apartment complexes, not individual residential houses, the latter of which have declined in value.

Here are general stock market returns as of March 31, 2008:

	YTD 2008	Last 3 Years	Last 5 Years	Last 10 Years
S&P 500 US Large Co Stocks	-9.45%	+ 5.85%	+11.31%	+ 3.50%
S&P Midcap 400	-8.85%	+ 7.05%	+15.08%	+ 9.02%
S&P Small Cap 600	-7.46%	+ 5.30%	+ 15.61%	+ 7.05%
S&P REIT Composite	+ 0.76%	+10.95%	+17.60%	+ 3.9%
MSCI EAFE Int'l Stocks	-9.53%	+10.67%	+18.61%	+ 4.14%

Note that on a year-to-date basis losses are nearly identical, indicative of a "shoot first, ask questions later" or panic-induced stock market. Depending on the exact time period measured and benchmark used, stocks are down between 15% to 20% from their highs in either July or October of 2007. I cite that to point out that we are therefore about 6 to 9 months in to a declining market. Historically, most major stock market declines like this one have lasted within a wide range of 6 to 12 or so months. Some have been shorter, of course, in the 3-month range and some have been longer, in the 12 to 18 month or even 24-month range. My point is that we are fairly far in to a declining market and, while not making any predictions of a bottom or turn-around, the worst may be behind us. There certainly have been more negative surprises on a continuing basis in the recent months, but the market has been relatively resilient. I always put more faith in the free-market economy mechanism over any kind of government regulatory mechanism, so don't hold your breath waiting for politicians or regulators to bail us out. Interest rate cuts help borrowers who have adjustable rate mortgages and credit card debt. But for savers and investors, like our clients, lower interest make bonds a less desirable alternative in our investment portfolios. At the risk of sounding like a broken record many times over, patience is required for successful investing. Our long-term investing strategy is sound. As always, e-mail or call with any questions or comments!

A monthly publication for our firm's clients, prospective clients and friends.