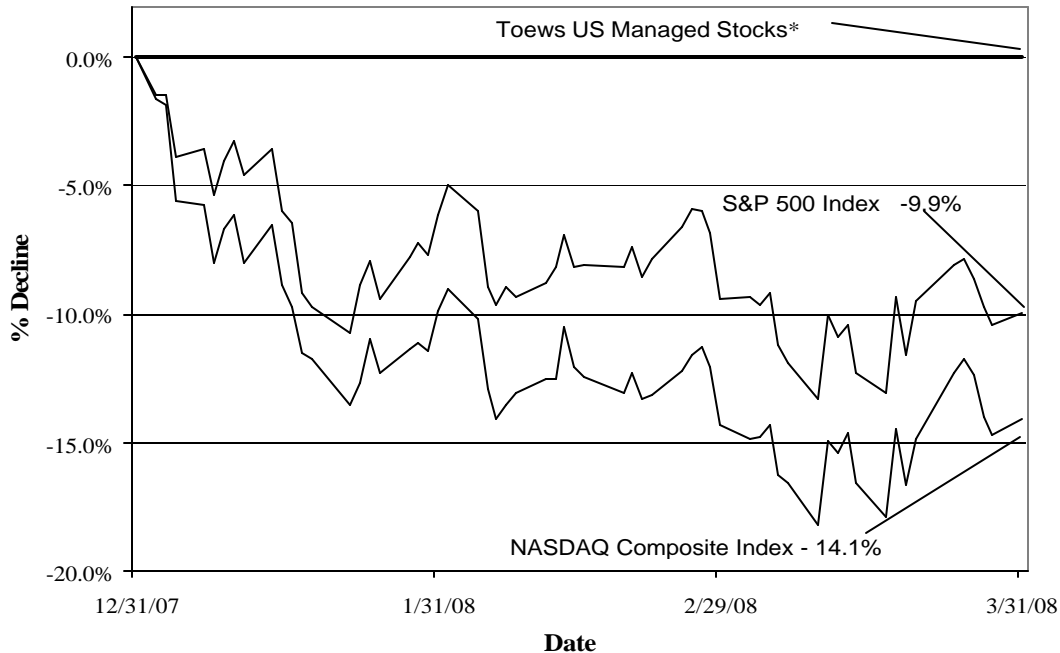


Toews Avoids Declines during Quarter

During the final quarter of 2007, as the stock market began to move lower, our indicators moved our US and International stock holdings to cash positions. As the credit crisis continues through the end of this quarter, with no end in sight to the decline in home prices, we continue to hold defensive positions in our portfolios.

During the first quarter of this year, while our portfolios remained largely in cash*, the S&P 500 lost 9.9%, while the NASDAQ Composite Index lost 14.1%.



*Information is for illustrative purposes only, and does not reflect actual, model, or hypothetical performance. Toews models include assets other than U.S. stocks as represented above, including international stocks, and bonds. For account holders with Sector Opportunities portfolios, those accounts hold asset classes not represented above. Each of these asset classes has separate signals for buying and selling. Please refer to your individual statement for actual account results.

(Continued next page)

How the Toews System Works during Declining Markets

Declining markets often cause our investors anxiety due to negative media coverage. However, declining markets can potentially be good for our investors in two ways. First, by remaining in money market funds during the duration of the decline, we avoid losses. Second, and perhaps more importantly, declining markets may actually increase our investor's chances for gains. How?

As the stock market moves lower, our target point for buying back into stocks moves lower too. That means that as the market moves down, we have the opportunity to buy back into stocks at bargain prices, potentially setting the stage for fresh gains.

Our target point for buying back in to stocks has adjusted lower by approximately 10% since the beginning of the quarter. If we successfully enter stocks near our signal, we can come back in at those bargain stock prices. When the market finally moves higher, assuming that we're in the market, our chances for strong returns are high. The lower the stock market moves, the better our buy price becomes.

Out Performance Possible in 2008

Our system tends to have under-performance periods during low return, low volatility markets. The simple reason for this is that we are unable to avoid losses and add relative value if the markets don't make big moves lower.

Alternatively, our system tends to have out-performance periods during high return, high volatility markets. If the markets move dramatically lower, and our system remains in cash, our return prospects improve. When the markets make dramatic moves higher, our system becomes even more valuable as a means of offsetting any subsequent declines.

From the highs of the market in October of last year the S&P 500 has now declined 15.3%, while the NASDAQ Composite has declined 20.3%. These large percentage declines meet our parameters for that latter type of market. While the media noise surrounding this type of market may be disconcerting, it may be helpful to recall that you have subscribed to and pay a fee for a system that seeks to *capitalize on and prosper during* these types of markets. Although there can be no guarantee of positive performance, in a very real sense, our system tends to profit from fear and chaos in the financial markets.

We look forward to continuing to serve you.

Disclaimer: The foregoing does not constitute an offer of any securities for sale. Past performance is not indicative of future results. The views expressed herein are those of Phillip Toews and the Toews Corporation and are not intended as investment advice.