

Highlights of First Quarter 2008 Accomplishments

Yanni & Associates Investment Advisors, LLC

1. **New Clients:** Signed contracts with three new clients this past quarter. Now have signed contracts with fifteen different relationships. We now have clients located in the following states: Florida, Georgia, Illinois, Maryland, Michigan (1), New York and Pennsylvania.
2. **Assets Under Management:** Assets continue to grow and now approximate \$21 million. Most of the relationships are using Schwab Institutional as the custodian for a majority, if not all of their assets. Managing several different types of accounts including trusts, taxable accounts, 401(k)s, 403(b)s, 529 Plans, corporate accounts, traditional IRAs, Roth IRAs, SIMPLE IRAs, and a charitable fund account.
3. **Investments:**
 - A. In November 2007, we actively decreased our clients' equity exposures relative to their asset guidelines. This underweight in equity allocation was due to the increased turmoil surrounding the subprime mortgage crisis. We currently remain underweighted and anticipate reinvesting this cash back into stocks and even potentially moving to an overweight position as the recession bottoms out potentially in the upcoming months.
 - B. In February, 2008, we actively invested some of this excess cash in all client accounts into Treasury Inflation Protected Securities (TIPS). This was done as a result of continued pressure mounting on the Federal Reserve to continue to lower interest rates during a time when rising inflation fears persist.
 - C. Investment Forecast:

Economy – “When the dust settles”, there is a strong likelihood that we will call this period a recession. We still believe there is the potential for additional housing related losses as many of these subprime mortgages were underwritten over a period of a few years. Back in November when we reduced our equity position, we commented that the government needed to step-in to provide assistance to aid the housing market. Since that time, the government has attempted to implement several different programs such as the tax refund to individuals, interest-rate reductions, and easing of regulation on the lending to financial institutions to name a few. We do believe some of these programs will work, but may take time to work their way through the economy.

Equities – We do believe the markets will bottom-out in 2008 and will be looking to increase our equity exposure at that time. We also believe there will be continued volatility in the near-term. As a result, we are still taking a more conservative approach at this point as there are several key issues that still remain to be resolved (additional foreclosures, additional disclosures by financial related institutions, high commodity prices, potential changes in government policies due to election year, etc. . .). We continue to overweight “large-growth” and international stocks. We have been contemplating a shift in both strategies for later in the year (shift to “large-value” and reduction in international exposure).

Fixed Income - Currently, the markets are still forecasting the Federal Reserve to continue with its lowering of interest rates for the near-term. However, there is still concern that that the Federal Reserve did not act quickly enough and its recent interest rate reductions could possibly lead to higher inflation in the future. There is also speculation that the Federal Reserve may shift policy and start raising rates later this year. At this point, we do believe the Federal Reserve will lower interest rates at least one more time and place a probability of 50% as to it raising rates later in the year.

Matthew A. Yanni, CFA, CFP®
Principal & Chief Compliance Officer
Yanni & Associates Investment Advisors, LLC
2000 Corporate Drive; Suite 450
Wexford, PA 15090
(724)-940-0310
www.yanniassociates.com
matt@yanniassociates.com

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