

## *Preservation and Progress*

To our valued clients,

### *Preservation*

On Saturday February 21, 2009, we reviewed the *Wilshire Tactical Opportunities Portfolio* objective (that many of you are in).

We believe the portfolio is positioned properly to achieve its long-term objective. However, we are concerned about the present market conditions and its impact on the near term.

As a result, we are allocating the *Wilshire Tactical Opportunities* to a larger cash position.

*Wilshire Tactical Opportunities* will now be allocated approximately as follows:

-25% Cash\*

-50% Bonds

-25% Stocks

\*It is important to note that the cash allocation is a short-term strategy until we see the dust begin to settle in the banking/financial sector. The Fed has created Trillions of dollars of liquidity in an effort to quell this 'financial fire.' When this 'fire' is ultimately extinguished we fear that we could be left with an environment of inflation. In times of inflation, cash and cash-equivalents (Bank CD's etc...) are one of the worst performing investments one can own.

### *Progress*

At some point in the future of this portfolio, you may begin to see an increase in allocations to asset classes that have historically provided the best hedge against inflation. Assets such as:

TIPS (Treasury Inflation Protected Securities)

Precious Metals

Agriculture/Water

Currencies

Etc...

In looking ahead to the future of the global economy, we are prepared to build positions in progressive industries that provide the greatest opportunity to lead us out the current crisis and beyond.

Please note that the **Defensive Strategy** and other portfolios on the platform will remain as they were. This only applies to people with monies in Wilshire Tactical Opportunities.

We will keep you updated as to our future plans with this portfolio.

Regards,

Gaetan and Nick Scalzo