

Schultz Financial Mgmt Corp - Investment Commentary Volume 5 (Special Edition)

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Dear Investors,

Below is a quick update regarding our trend following investment styles.

Our Investment Styles:

Trend Following Stocks:

Just two weeks ago, the US stock market appeared to be in the early stages of a new up trend. As I mentioned in my February 7th commentary, we had increased our stock allocation to 60% in our trend following strategies. Lack of detail in Treasury Secretary Geithner's plan to strengthen the financial system just a couple of days later, led to a swift market downturn. We quickly reduced our equity allocation to preserve capital once again. Year to date, we have been able to limit losses to 3-4% for the trend following strategies (in brokerage accounts) compared to -14% for the market averages.

Trend Following Bonds:

Our trend following bond strategy has been invested in corporate bond mutual funds (investment grade and high yield) since December. Corporate bonds have also been under some downward pressure in this latest flight to quality. So far the overall up-trend is still intact as most of our bond funds have shown remarkable resilience. We hope that the up-trends will hold and we can continue to collect the 8-11% yields. If not, we will switch back to the safety of money market funds until another upward trend begins.

Please give me a call if you have questions or comments about this investment commentary or if you would like to discuss your investment allocations.

Sincerely,

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