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BENCHMARK

ASSET MANAGERS LLC



Q1 2009 Quarterly Report *For Public Release*

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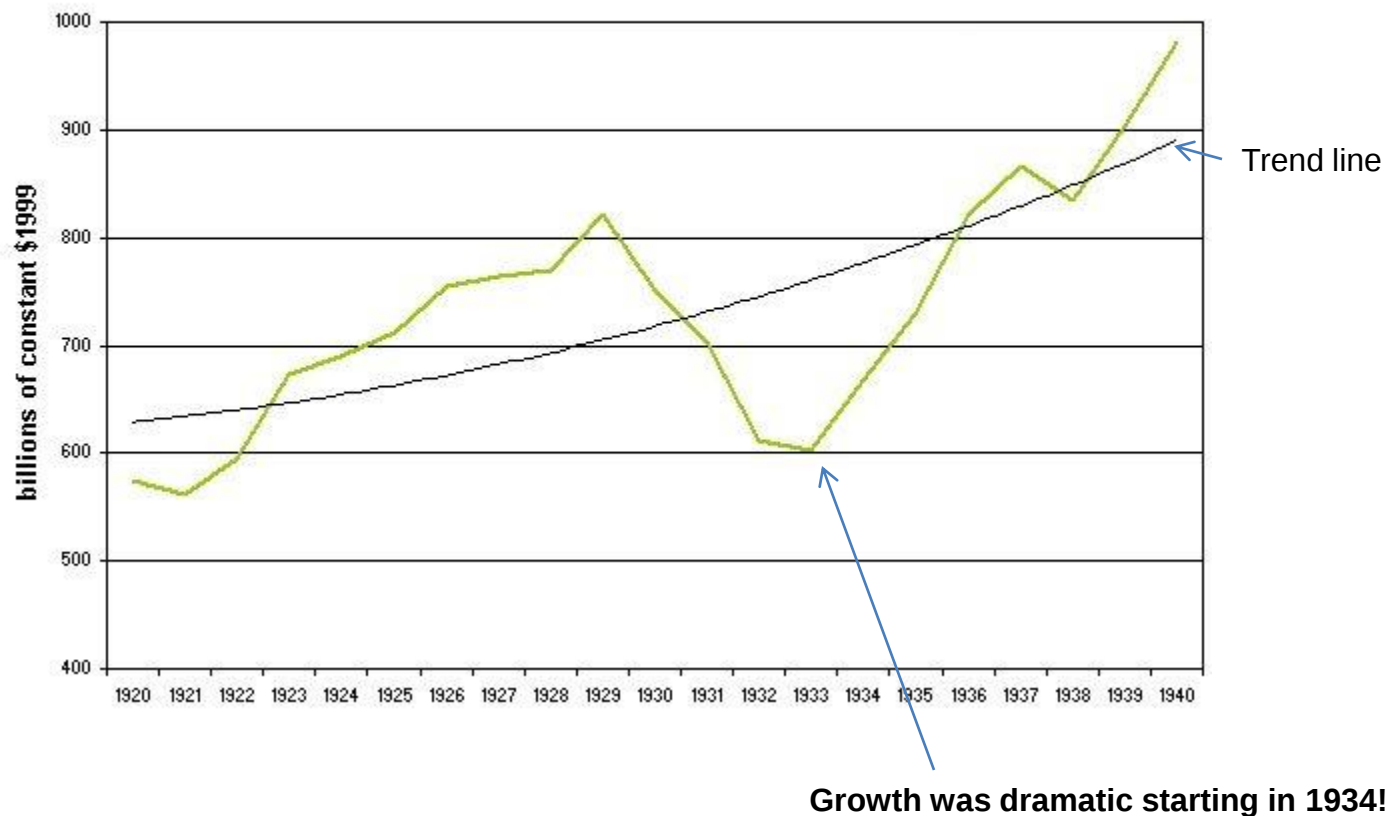
Six Down Quarters In A Row

The first quarter of 2009 saw the sixth quarterly decline in a row, dating back to late 2007. Is it enough to discount the devastating economic contraction that we have begun to experience?

It is worth remembering that during the first quarter of 2008 the consensus was still skeptical about any recession, much less a collapse. The financial news media was wringing its hands about the threat of inflation. Wrong then and probably wrong now, with the continuing doom and gloom and expectation of endless decline in economic activity. It is a great human tendency to project the recent past into the indefinite future. Why is it we cannot imagine that the economy will improve?

Historical comparisons are useful in this context. Most imagine the Great Depression as a seemingly unending, decade long collapse of economic activity. The real situation was much different however. New Deal programs began to provide powerful stimulus to the economy by early 1934. The result was three years of rapid growth with 1935/6 posting the strongest real growth ever in US history (see the chart of US GDP growth from 1920 to 1940 on the next page). It is true that unemployment was slow to improve despite the growth but there is no question that the stimulus worked to improve economic demand.

GDP 1920-1940



The difference between then and now is of course the prompt action on the part of the US government. We have acted with only a time lag of about one year compared to a lag of three years from 1930-32. When you consider the amount and breadth of stimulus being created now it is hard to imagine anything other than a dramatic growth spurt in the US economy.

Our conclusion is that we can expect no less than a spurt in real economic growth in the coming quarters as strong economic growth will help corporate profits recover apace. Also, the current stock market rally may be an early warning signal of the coming excitement. Stock prices often reflect expected direction and rate of change in corporate profits. But stock prices react to other factors as well.

Chief among these other influences on stock prices is the direction and rate of change in inflation and inflation expectations. Of late, inflation has been decreasing as have inflation expectations; however, a spurt of economic growth (+8%?) may cause a dramatic change on both fronts. It will not be surprising if we experience an inflation scare accompanied by a sharp decline in bond prices. Lower bond prices happen when interest rates rise. Rising inflation expectations accompanied by rising interest rates will ultimately weaken the stock market's rise.

We are of two minds within the Benchmark team about the look of the market chart in the coming quarters. The primary view is that we will experience a “W”. That is, the markets have plummeted forming the left arm of the “W”. An unexpected recovery in economic growth will extend the current upward trend in stock markets to significant levels (Dow 10,000?). Thereafter, the rise in interest rates and persistent unemployment (weak consumer demand) may cause a sharp reversal in equity fortunes, thereby creating the second down stroke in the “W”.

An alternate view is that the rallies and declines will be more saw tooth in form, as the economic ebbs and flows will rapidly shift between optimism and pessimism and look like “vvv”. If economic growth is near, our expectation is this will be an unlikely outcome. If growth falters, however, the “vvv” may be the best bet.

Stay tuned to see if the markets trace a “W” or a “vvv” or some unexpected pattern.

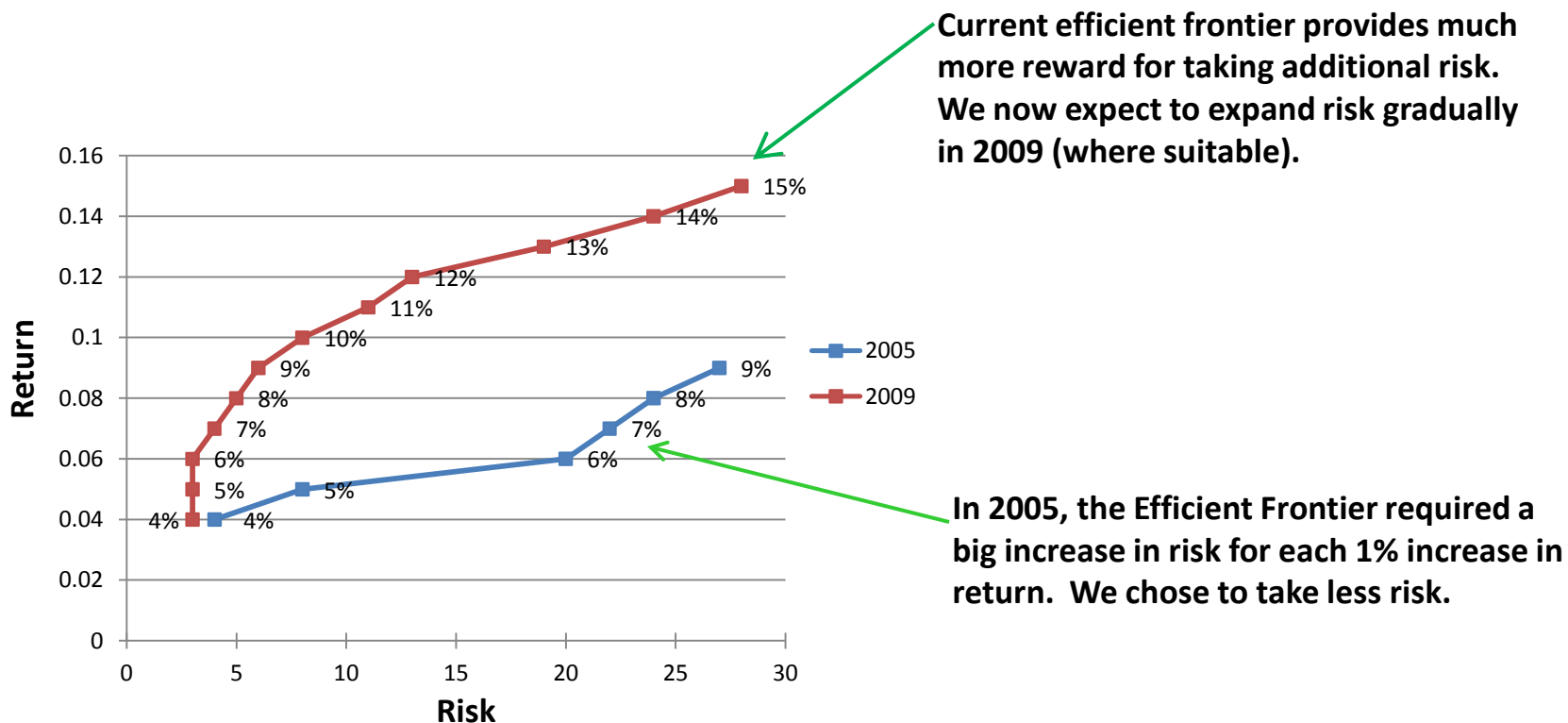
Ten Years Hence

All of us at Benchmark are comfortable in our expectation of significantly higher equity prices in a 7 – 10 year range. A look at our long-term expectations on the next pages (**see charts on pages 7 and 8**) will give you a sense of our projections for each level of risk.

In 2005 – 2008 we were outside the mainstream by being cautious about equities. We continue with our non-consensus posture in suggesting that equities, private equity and high-yield bonds will produce double digit returns on an annualized basis over this period. Opportunity knocks.

Given our view of the coming inflation we are less sanguine about corporate and municipal bonds (high yield bonds trade like equities). We are selling bonds with long maturities and allowing maturing bond proceeds to remain in money funds. We expect an opportunity to present when interest rates are higher than today's miserly offerings.

EFFICIENT FRONTIER – NOW & THEN



* Data based upon Benchmark's 5-10 year Expected Returns, Dec 2005 and January 2009



Investment Posture

Benchmark portfolios are a broadly diversified mix of asset classes that historically have been designed to be low risk. Looking ahead we expect to expand the risk where appropriate. We have been using the current market weakness to add to equity holdings. We are moving steadily to take advantage of the attractive valuations that exist in the marketplace.

The falling global stock markets are creating the opportunity to expand risk in client portfolios. Valuations are rapidly reaching very modest levels and represent a good buying opportunity. At the same time, we see the possibility of future inflation and rising interest rates. We are gradually reducing our US bond exposure because of the policy response by the Federal Reserve and anticipated Federal Government actions.

MARKET RETURNS

Asset Class	Q1 2009	One Year	Three Years	Five Years	Ten Years
Large Cap US Stocks: S&P 500	-11.0%	-38.1%	-13.1%	-4.8%	-3.0%
KLD Social 400	-9.6%	-35.0%	-12.6%	-5.1%	-3.3%
Small Cap US Stocks: Russell 2000 Index	-15.0%	-37.5%	-16.8%	-5.2%	1.9%
International Developed Market Stocks: MSCI EAFE	-14.6%	-48.2%	-16.7%	-4.6%	-2.9%
Emerging Market Stocks: MSCI Emerging Markets	0.5%	-48.4%	-10.2%	3.4%	5.5%
Intermediate Bonds (Barclays Intermediate Gov't/Credit)	-0.1%	2.0%	5.6%	3.7%	5.4%
High Yield Bonds (Barclays High Yield)	6.0%	-19.3%	-4.7%	-0.1%	2.6%
Money Market Funds (3 Month T-Bill)	0.1%	1.0%	3.4%	3.2%	3.2%
TIPS (Treasury Inflation Protected Securities)	5.5%	-2.0%	5.7%	4.2%	7.3%
Citi Non \$ World Government Bonds	-5.7%	-6.4%	7.4%	4.4%	5.5%
Barclays Municipal Index	4.2%	2.3%	3.2%	3.2%	4.6%
Commodities: Dow Jones Commodity Index	-6.3%	-45.0%	-9.8%	-3.3%	6.4%
Real Estate: Wilshire REIT Index	-33.9%	-60.7%	-27.0%	-9.4%	3.7%

Benchmark's Client Composite Return

Our all-client composite return (for assets managed by Benchmark) through March 31, 2009 is:

-2.8% vs. -7.1% for our benchmark composite*

* Traditional 60/40 portfolio defined as:

35% US Large Cap (Domini 400), 10% US Small Cap (Russell 2000), 15% Large Cap International (EAFE), 30% US bonds (Barclay Intermediate Gov/Credit Index) & 10% Cash (3 Month T-Bill).

Opportunities in 2009 and Beyond?

Collapsing security prices have created opportunity for investors. We are projecting superior returns in several asset classes including:

<u>Asset Class</u>	<u>Ten Year Expected Annual Return</u>
High Yield Bonds	12.5%
Private Equity	15.0%
High Impact Small Cap Equity	11.5%