



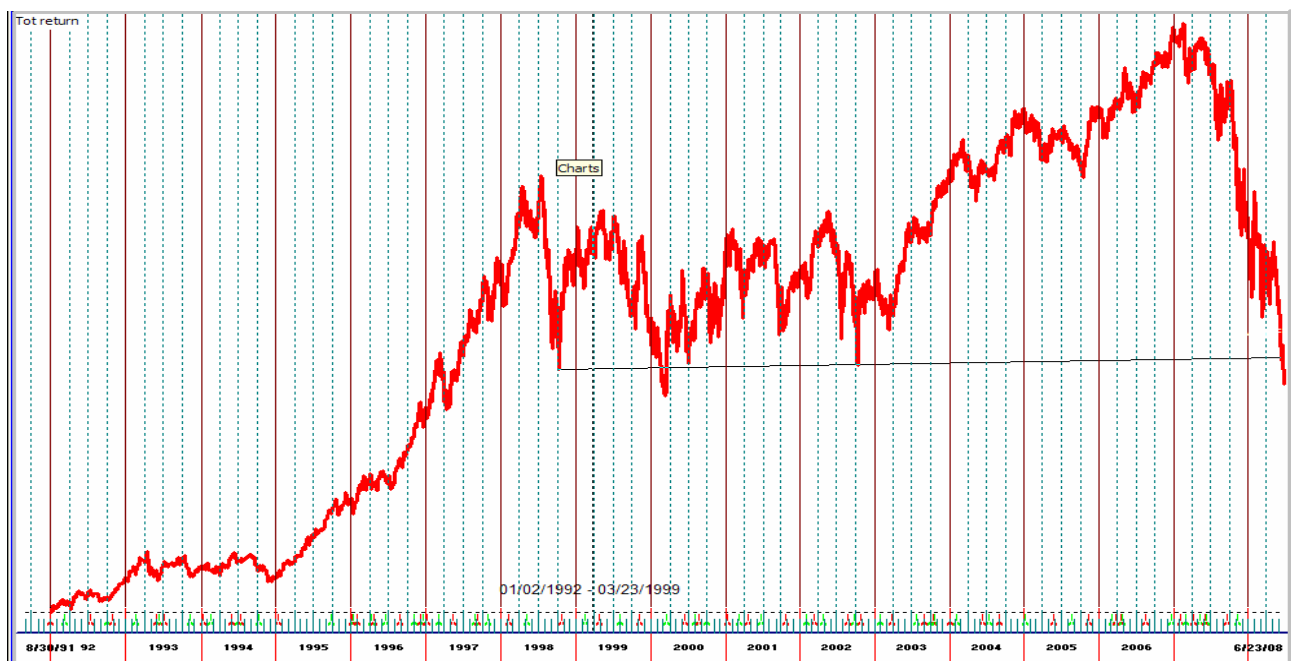
Market Commentary

Banking and Securities Brokers Sectors – Still look ominous

06/24/2008

The Dow Jones Banking Index has now retraced gains dating back to bottoms established in 1998, 2000 and 2002. Please see the below graph.

DOW JONES BANKING INDEX – TOTAL RETURN CHART – 1991 to 2008



This is a classic credit crunch environment, precipitated by poor loan quality made primarily in the residential real estate sector. As the economy naturally cools, businesses are in need of capital to make it through these tough times. However, the banks have closed their doors as they need to reduce their loan portfolios and clean out their bad loans in order to get their capital ratios back to healthy levels.

The saying used to be “as General Motors goes, so goes the economy”. With the transformation of our economy to more of a service based economy, now the saying could be more like “as the financial services industry goes, so goes the economy”. Is it possible that we are seeing potentially the bottom in the Dow Jones Banking Index, or do we break these long term support levels and go lower? **Only time will tell, however Hanlon Investment Management remains 100% invested in Money Markets at this time.**

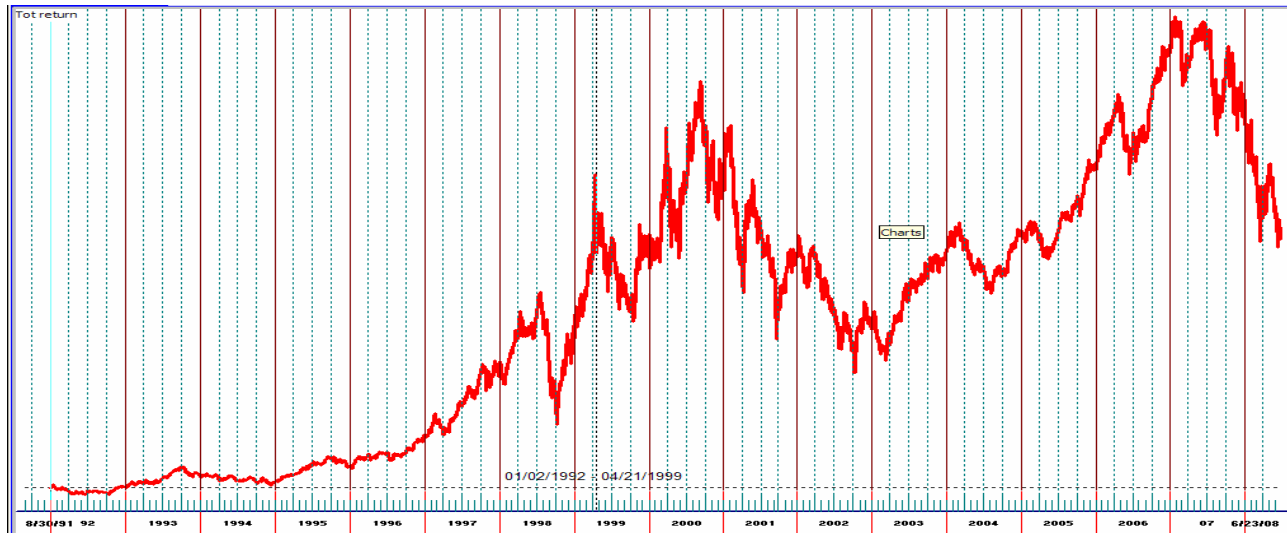
Another important sector now is the securities sector. Please see the graph on the next page.



HANLON
INVESTMENT MANAGEMENT, INC.

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DOW JONES US SECURITIES BROKERS INDEX – TOTAL RETURN CHART – 1991 to 2008



This Index too must find support soon to stave off a real meltdown in equities. Again, we think the risk in these equity markets remains high and therefore we are currently 100% money markets.

Thank you,

Sean Hanlon, CFP®
CEO and CIO

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