ALVERY BARTLETT GROUP

MARKET COMMENTARY

BY ALVERY A. BARTLETT JR.

March 28, 2008

Dear Client,

Prices as of March 28, 2008 Close	
30 Year Treasury Bonds (CBT)	118-29/32 4.32% Yield
Dow Jones Industrial Average	12,216
S&P 500 Index	1315
May Crude Oil Futures	$105.10
May Natural Gas Futures	$9.587
Apr. Gold Futures	$930.00

In our previous five Market Commentary Letters (which can be read at www.alveryb.com) dating back to March 2007, we at first anticipated a correction of 20% off the all time high, and later felt that due to Fed intervention 30% would be more likely. To date, the lowest trade of the S&P 500 has been 1256.98 (03/17/08) or 20.25% off of the high of 1576.09 (10/11/07). The Financial Select Sector ETF (NYSE: XLF) , a proxy for the investment services companies, has made a dramatic 76% retracement from its 2002 low to the all time high reached last summer. Selected stocks of note such as Merrill Lynch, Citigroup, and Wachovia Bank have all retraced 62% or more from their 1984 lows to their all-time highs. We are comfortable in assuming that many of our stated downside objectives have been met. As media and investor sentiment worsens, many of the analysts we most respect are growing increasingly bullish. We understand their newfound and more optimistic contrarian opinion, and accept that they could be correct. This outlook is further strengthened by the fact that money market account balances are currently large relative to historical norms, and if investors were to develop a wave of enthusiasm, these funds could be used to drive the market meaningfully higher.

The Federal Reserve has been gifting the market repeatedly since last August. In our opinion, it has intervened with precision and mass four critical times using Draconian measures to avert more serious declines. We fully understand their concerns and efforts to protect the market against what some think could be a financial meltdown. However, their interventions stand in the way of free market pricing, and as a friend and trusted analyst Mike Oliver recently commented, "If the lows have been made, they were made in the dark." The Federal Reserve and the U.S. Government are not omnipotent, but the saying, "Never fight the Fed" does come to mind. Now that the Federal Reserve has clearly shown its desire to avert a crisis, and act as lender of last resort in such new and creative ways, the market stabilization is easy to understand.

What concerns us most, however, is that these Fed interventions seem to have muted a more traditional stock market capitulation, which usually signals the probable end of a market correction. Some would hold the view that the Bear Stearns, Countrywide, and Thornburg collapses would qualify as a capitulation. They could be right, but I am still suspect. It would almost be better, it seems, if the market were to take out the previous four lows of note, and have its temper tantrum so we can see what ugliness, if any, lingers beneath the Fed support. Historically, downward climaxes at times like these can be quick and scary. Frightening as it may be, it could actually provide a cleansing of the equity markets and allow the market to look beyond the news and refocus on its next growth phase.

It does not appear to me, that we as investors have anyway of knowing if the huge cash hoard and investor pessimism will lead to a melt-up or if the need for a catharsis to the downside will lead to a sudden decline. We continue to pursue our original investment strategy of seeking hard asset investments which offer a combination of high and reliable current yield without sacrificing the potential for future capital appreciation. Our focus is still on high-quality commercial real estate and natural resource investments.

Sincerely,

Alvery A. Bartlett, Jr.