

SLIGHT LOSS AMID INCONSISTENT AND SHARP DAILY FIXED-INCOME PRICE VOLATILITY

March was again a month of sharp fixed-income volatility that exceeded the monthly average of the past decade (according to MMA, Inc.'s research). This was the 3rd consecutive month that volatility was significant. However, not only was price action exceedingly high but also it was non-directional driven by the market's perception of the impact of headlines describing inflation, subprime write-downs and the influence of Federal Reserve liquidity actions. Indeed some of the events in March were unprecedented in a generation and some harkened back to events of Great Depression in the 1930's.

The daily inconsistency of market movement generated some adversity for the Cutler Trading Program and the Trendline Fund. March's returns showed losses in excess of -2% for both individual accounts and the Fund. Once again, the slightly greater leverage in the Fund generated a small disparity in returns between managed accounts and the Fund. Trendline's cumulative losses for 1Q08 were approximately -10.0%. While this was not the objective of the Fund, given the events surrounding the demise of Bear Stearns and reported losses among investment banks in the 1Q08, a decline within historical expectations is tolerable. Indeed, after the sustained gains in the 14 months prior to 1Q08 a 10% retreat is not uncommon.

March was a cumulatively sanguine month of performance in areas of systematic CTA's, equities and bonds (as measured by major indices, **Figures 1 and 2**), however, as reported by Bloomberg, US and Global equity indices remained negative for the year. The top performers for the month continued to be investment programs focused on hard commodities.

1997 & 2004 OFFER SOME PERSPECTIVE & CONTEXT

The Cutler Trading program's systematic trading approach was instituted in 1999 for Cutler's managed accounts and Trendline Fund. Therefore, while actual results for trading performance are recorded for 2004, the 1997 returns are hypothetical. However, given the liquidity of the Treasury 30-year bond futures market and the size positions taken by Cutler, the hypothetical performance in 1997 can be useful to evaluate market conditions. The 1Q08 returns were reminiscent of both the first 4 months of 1997 and 2004. Both periods were punctuated by daily price volatility that was above historical averages and were driven by the daily interpretation of economic releases and fundamental news headlines. The day-to-day impact on the Treasury 30-year

Trendline Fund Performance Compared to Investment Indices

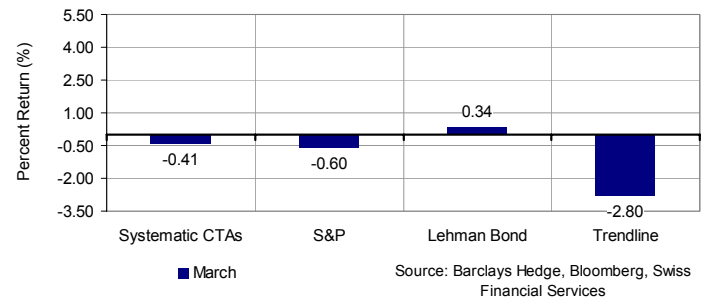


Figure 1: Trendline's performance was uncorrelated with other CTA's.

Cutler Managed Accounts Compared to Investment Indices

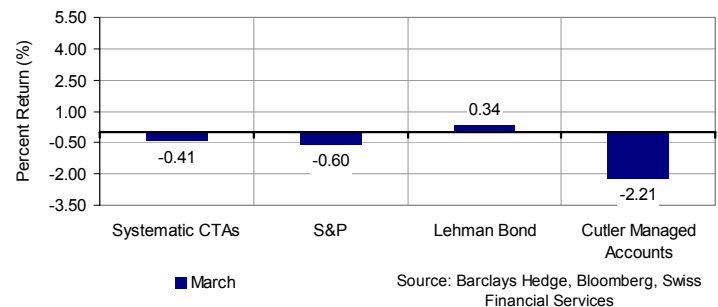


Figure 2: Managed accounts had less leverage than Trendline.

bond from the uncertainty concerning the economy, and Federal Reserve in particular, produced very few periods of sustained short-term trends which are key to the historical success of the Cutler Trading program. While historical performance is not a predictor of future success, it is noteworthy from our perspective that the last 8 months of both 1997 and 2004 resulted in the Trading Program generating significant positive returns that erased the losses of the first 4 months. Once again, it has to be emphasized that the past changes in market conditions are not certain to reoccur in 2008. But it is important to compare and place market performance in the context of historical price volatility, prevailing market psychology and fundamental events in order to shape expectations. It is in this manner that should current performance deviate from the past, Cutler can better ascertain risks and opportunities regarding the leveraged activity in which it participates.

As always, I am available to discuss performance.

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