Quarterly Update- for the Period ended March 31, 2009

Equity markets were generally down for the quarter, with the Standard & Poor's 500 (S & P 500) down 10.93%. Smaller companies, as measured by the Russell 2000 index, were down 14.95%. Fixed income markets, as measured by Barclays Aggregate Bond Index, were flat for the period.

Fundamentally, little has changed from the previous quarter. The economy continues to slow and credit markets, toxic assets, and the potential bankruptcy of several landmark companies continue to generate fear and concern over the future of our economy. It appears that stock markets hit a trough in early March, though many analysts are calling this a "bear market rally" and expect declines in the near future.

QSI portfolios slightly underperformed their benchmarks. Our tactical decision to maintain allocations in small cap stocks and financials detracted from performance this quarter, but should help when markets begin to show steady improvement. Performance was also hurt by holdings in investment grade corporate debt, which was one of the lower performing bond sectors. As markets were spooked by the threat of further economic deterioration, funds flowed into conservative Treasuries. However, from a valuation standpoint, the corporate sector is far more attractive and should benefit significantly from improving credit conditions, which we think will be precede an economic recovery.

Equity portfolios were repositioned last quarter to include consumer staples, which helped reduce volatility. On the fixed income side, we have maintained positions in high yield and bank loans, which have outperformed significantly for the quarter and through the beginning of April.

While government action has been significant, it will take some time before this action translates to economic growth. Assuming an economic recovery in 2010, it seems a little premature for a sustained market rally. For the upcoming months, we expect the market to move along slowly in a generally positive direction. We expect volatility to continue, but with interim market highs and lows moving incrementally higher as confidence returns.