



SLAVIC MUTUAL FUNDS  
MANAGEMENT CORPORATION

The Slavic Investment Committee met on September 18<sup>th</sup>, to discuss the collapse of the stock market and panic on Wall Street concerning the failure of Lehman, Merrill and AIG. The following members were present:

John Slavic  
Alan Moore  
Jim Schoenmaker

The Chairman called the meeting to order and discussions ensued resulting in a tactical shift in the managed portfolios to more heavily weight equities and reduce the allocation to fix income investments. Trading was authorized by John Slavic to commence whenever the DOW falls below 11,000. The shift toward equities amounted to the following allocation changes:

Aggressive Portfolio	Was	Now
Fixed income	20%	0
Equities	80%	100%
Moderate Portfolio		
Fixed Income	50%	25%
Equities	50%	75%
Conservative Portfolio		
Fixed Income	70%	55%
Equities	30%	45%

Up until September 18<sup>th</sup>, the allocations had been set at the beginning of the year anticipating a decline in stock prices some time in 2008: that decline has occurred reducing the risk of owning stock mutual funds; therefore, the committee decided to invest more in equities, perceiving the crash in the stock market as an opportunity for the long term investor. The committee previously decreased the positions in the Asia and New Era commodity funds in the meeting of January 8, 2008---since that time they have suffered a large decline and now offer an entry point. Therefore, those fund allocations are being increased in all three managed portfolios. An effect of the fall in commodity prices will be a mitigation of inflation going forward, also lessened by the impact of a recession which is sure to envelop the economy due to the credit crunch; therefore, the inflation protected bond fund is being sold with the proceeds going into equities. Otherwise, there were no change of funds being utilized only a change in allocations.

With no other business at hand, the meeting was adjourned.

  
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Chairman