



# GALLOWAY GAZETTE



## Decoding the Market

by Mark McPherson

The stock market got off to a volatile start during the first quarter of 2008. The continued housing slump led to the weakening of prices for mortgage securities, which in turn led to a deterioration of the balance sheets for banks and brokers. Bear Stearns, one of the largest investment banks in the U.S., became technically insolvent in late March and was subsequently bought by J.P. Morgan with the help of the Federal Reserve.

Investors fearing a disaster in the banking system, drove stock prices down sharply. For the first quarter **the Standard and Poors 500 index was down -9.92% and the NASDAQ Composite was down -14.07%**. The decline in the S&P 500 was the worst since 2002. You can see the chart below of our portfolio performance during the same time period.

Fund	1st Qtr Returns
GAM Conservative	-1.88
GAM Moderate	-3.42%
GAM Mod Growth	-4.94%
GAM Growth	-6.5%

**IT IS IMPORTANT FOR THE READER TO EVALUATE THE FOLLOWING INFORMATION REGARDING THE PERFORMANCE SHOWN ABOVE:**

1. Past results do not guarantee future performance and future performance may be higher or lower than the performance presented.

Concerned with the possibilities of deterioration of the balance sheets of America's banks and that the economy might be heading towards a recession, the Federal Reserve lowered both its Discount rate and Fed Funds rate. These moves allowed for banks to borrow money cheaply in order to help stabilize their balance sheets.

The other major story on the first quarter was that the price of oil and gold continued to rise. The price for a barrel of oil topped the \$100 mark and gold surpassed \$1000 per ounce for the first time on fears that inflation might be returning.

Now is a good time to take a look at the Galloway Asset Management, LLC portfolio performance and see how your money is working for you.

Although 1st Quarter 2008 returns do not provide all the information one might need, it is recommended you contact your assigned Galloway Asset Management, LLC advisor to see if you are in the most appropriate portfolio.

2. The time period is not representative of an entire market cycle, which may have a significant impact on the performance of the models.

3. The returns presented are net of advisory and management fees.

4. All dividends have been reinvested.

5. Galloway believes that the performance numbers are prepared in accordance with Global Investment Performance Standards (GIPS®).

6. Individual account performance may be different, depending on when your account was opened. To get your individual performance, please contact your Galloway Asset Management LLC Representative.

7. Investors cannot invest directly in indexes. However, these indexes are accurate reflections of the performance of the individual assets classes shown.

Police

Fire

034

073

DROP Rollovers Signed with  
Galloway Asset Management, LLC

## Giving Back

It's golfing weather in Arizona and M-5-9 (a public safety and military Christian ministry) is hosting their annual golf tournament to raise funds for their public safety support programs.

This Fund guarantees success in reaching out and supporting Police, Fire, EMS and Military professionals. It also ensures that M-5-9 can continue to raise community awareness about the stress the First-Responders go through, daily. Your donation makes it possible to enrich the lives of many by building and expanding a support network for these everyday heroes and their families.

The golf tournament will be held May 10th with a 7:30AM shotgun Start. The Legacy Golf Resort, 6808 S. 32nd Street, Phoenix, AZ 85042.

If you are interested in learning more about M-5-9 or signing up for the golf tournament, contact Jason Hall via e-mail: [jason.hall@m-5-9.org](mailto:jason.hall@m-5-9.org).



# Phoenix Gets the Axe

by Mike Galloway

Galloway Asset Management, LLC (Galloway) appreciates its relationship with all of our Public Safety clients for both their contributions and sacrifices they continually give to our community.

Through the years of working so closely with firefighters, we have found that Station #1 in any fire department seems to have a special history; Phoenix Fire is no different. When Galloway visited Phoenix Fire Station #1, we asked the firefighters there an important question: "What might be a special way to show our appreciation for entrusting us with your retirement nest egg?" The firefighters gave us some great ideas and from there, a

new tradition was born. With suggestions from Station #1 members, we contacted Resource Management who helped us locate the exact vendor from which City of Phoenix purchases their axes. At that point, we purchased a bulk order of the axes currently used by Phoenix Fire.

Upon retirement, we will trade the newly purchased axe for an old one off the apparatus from which retiree has the fondest memories. The axe along with an oak wall mount are then presented to the retiree at their retirement party.

Thanks to Station #1 on the great idea for our retired Phoenix Fire retirees. We gave out 5 axes in the first month of the program to retired Phoenix Firefighters.

# PSPRS is Revamping Investment Policy

by Mike Galloway

It all started with horrific losses after the Y2k-911 market meltdown. Our system's investment performance was so bad that sweeping changes were authorized by the fund manager board. The objective of these changes were to restructure our investment department. Our monetary losses were far worse than most other pension funds.

It is critical that we turn the ship around and protect our member pensions moving into the future. We recently hired a new world class chief investment officer named Rob Brown from the corporate sector to steer the ship.

In addition, I was just recently appointed as the chairman of the investment committee and will be in direct contact with Rob on a regular basis.

Feel free to contact me with questions or concerns personally at 480.325.8668. You can link to the PSPRS web site by visiting Galloway911.com and clicking on our links page.

## Galloway Asset Management Axe Recipients



## Phone Directory

<i>Murry Frias (Scheduling)</i> .....	480.325.8668
<i>Nanette Eberhardt (Operations Manager)</i> .....	480.325.9978
<i>Cindy Lance (Office Coordinator)</i> .....	480.325.9976
<i>Nicholas Spade (Marketing Director)</i> .....	480.325.8668x319
<i>Joel DeSousa (Operations)</i> .....	480.325.8668
<i>Kimberley Nickel (Operations)</i> .....	480.325.8668x173
<i>Brian Rellihan (Financial Planner)</i> .....	480.325.8668
<i>August Schmidt (Financial Planner)</i> .....	480.325.8668x178
<i>Chris Hoerchler (Financial Planner)</i> .....	480.325.8668x171
<i>Mike Galloway (CEO/President)</i> .....	480.325.8668x174

### Branch Offices

<i>Mark McPherson (Financial Planner)</i> .....	480.471.2331
<i>Tim Moran (Financial Planner)</i> .....	480.325.8668
<i>John Fitzgerald (Financial Planner)</i> .....	480.325.8668



**GALLOWAY**  
ASSET MANAGEMENT, LLC

1930 N. Arboleda, Suite 117  
Mesa, Arizona 85213  
Phone 480.325.8668  
Fax 480.325.1664  
www.gallowayllc.com

Securities and Investment Advisory Services offered through Multi-Financial Securities Corporation, Member FINRA, SIPC. Galloway Asset Management, LLC is not affiliated with Multi-Financial Securities Corporation. Police/Fire Advisory Services offered through Galloway Management, LLC.