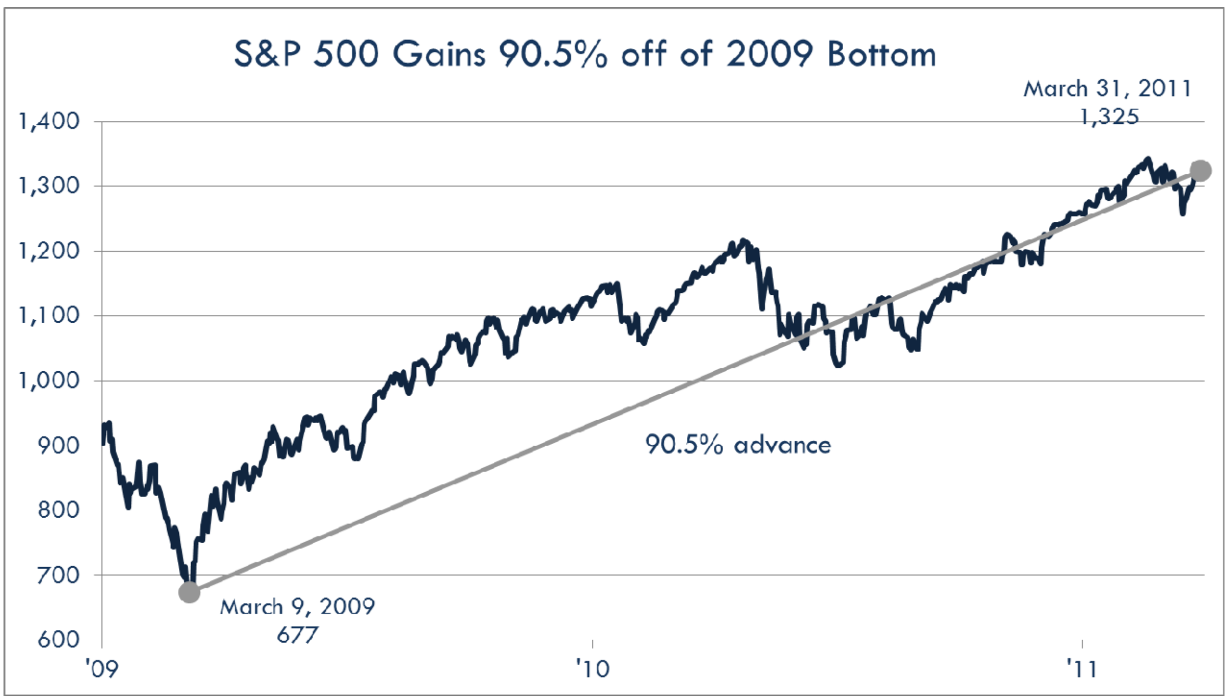
TOEWS CORPORATION

Toews Commentary
April, 2011

Markets Advance 90.5% from 2009 Bottom

In our April 2009 commentary letter, only weeks after the markets hit the bottom of one of the worst declines on record, we chose to focus on the likely gains ahead for the stock market. Specifically we said that since 1928, on average, after declines of 30% or more, "the Dow Jones Industrial Average rebounded 90.7% before peaking, with the average duration of those bull markets lasting just over 2 years." Our message in that commentary letter was to buy stocks when they are on sale!

As of the end of March, just 2 years after the market bottom, the S&P has now increased 90.5%. Consequently, investors have become increasingly comfortable adding to stock funds during the first quarter of this year. After pulling assets from stock funds during the majority of 2010, investors added a net $10.7 billion to stock funds in the first quarter through March 23*.



After significant advances in the stock market, investors become desensitized to the need for risk management and are vulnerable to what behavioral economists call the law of small numbers. The law of small numbers refers to an inclination for investors to draw conclusions based on small amounts of data and then erroneously extrapolate those conclusions to assume that they generally or always occur the same way. After big advances, investors conclude that "the stock market

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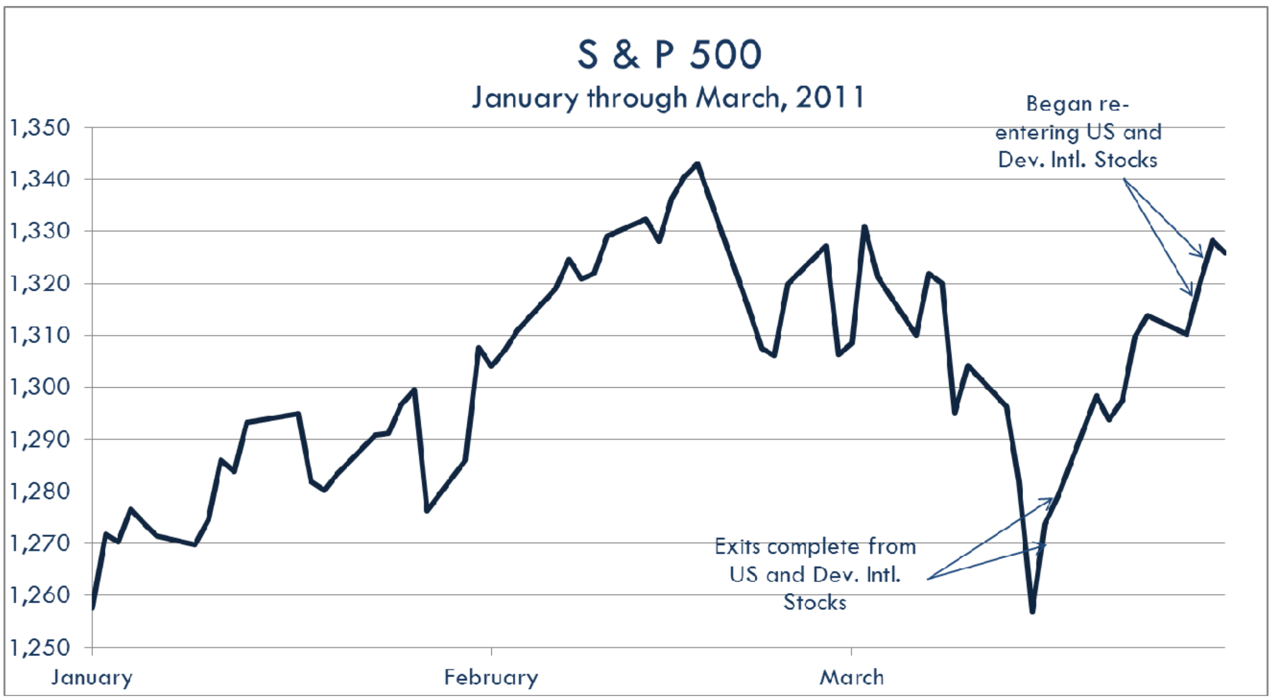
* Data from the Investment Company Institute through March 23

generally, or always, moves higher."   However, if we've already eclipsed the average gain, it may mean that the gains ahead are limited. So instead of beginning to increase risk in portfolios, we are recommending that investors be particularly vigilant and to make sure that their portfolios have adequate loss avoidance strategies in place.

Markets Move Lower, Recover Quickly

In March we saw a number of global crises that had the potential to put an end to the market rise (see above). Japan suffered, and continues to reel from, a devastating earthquake and tsunami. Rebellions peaked in the Middle East and North Africa, and the European Debt Crisis found its place back on the front page (when other crises were less poignant). As a result, markets took a hit in March. Our system reacted to the price declines and completed exiting US and Developed International Stocks on March the 17th and 18th.



By the time we exited, markets were already beginning to recover. After slightly more than a week we began re-entering markets. By April 1, we had completed re-purchasing stocks and are once again fully invested.   Most short term moves like this fall into the "false alarm" category. Had the multiple crises turned into a significant decline, we were poised to robustly avoid losses across our portfolios.

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The Need to Lower the Risk of Stock Investing is Constant and Imperative

At 2:45 on March 11, it was a sunny, normal day on the Northeast coast of Japan. One minute later, a 9.0 magnitude earthquake shook the region. In a matter of minutes, a 37 meter tsunami tore into the coast, together producing over 27,000 casualties and destroying over 125,000 buildings. It's shocking how quickly things can go from normal to complete disarray.

Like nature, the economy is vulnerable to exogenous shocks, which can be sudden, relentless, and unpredictable. Analysts often talk about the stock market as being "fairly valued." "Fair value" means that the prices of stocks are appropriate based on the prices of other asset classes, interest rates, and projections of growth, and conveys a sense that stock market risk is low. Yet, the way we price stocks subjects them to potentially huge price swings even from their "fair values."

Only about 1/3 of the value of stocks is comprised of tangible assets that can be sold. The remaining 2/3 of stocks' value is primarily determined from projections of companies' earnings growth. Translation: a majority of the value in your stock market portfolio is derived from *predictions* of earnings growth. Shocks to the economy that affect earnings growth trajectories can have a dramatic effect on the value of stocks. For example, if long term U.S. GDP growth projections were reduced from 3% to 0% due to a shock to the system, this might justify as much as a 50% reduction in stock prices.

At Toews, we designed our system based on a rigorous study of stock market declines. Our system is designed to attempt to exit markets in the early stage of declines, before major losses are realized. We believe that this provides our investors a competitive advantage. It allows investors to commit to the stock market. However, it addresses the fact that a calm, normal market can change for the worse very quickly. When risk events happen, at least as far as your investment portfolio is concerned, remain calm. Very likely, we've got it covered.

Disclosure

Prior performance is no guarantee of future results and there can be no assurance, and individuals should not assume, that future performance of any of the portfolios referenced will be comparable to past performance.

There can be no assurance that Toews will achieve its performance objectives.

This document refers to the performance of the majority of Toews portfolios to illustrate the effect of Toews management on US and intl. stocks and high yield bonds. Performance of individual accounts varied based on the client's investment risk profile and their specific investment funds. For your individual account performance, please refer to the enclosed quarterly statement or the quarterly statement recently sent you. In addition, not all model portfolios were referenced in this letter. It is not, nor is it intended to be, a comprehensive accounting of Toews asset management. There are other portfolios that Toews manages that performed differently than what is referenced in this letter.