

ALREADY CHANGED - Money Market Fund

The PCA Retirement Plan offers a money market fund that is designed to provide long-term income by investing in high-quality, short-term debt. Since 2006, Charles Schwab & Co. has managed the fund. On April 16, 2009, PCA Retirement & Benefits, Inc. replaced the current money market fund (SWAXX) with a new money market investment option also managed by Schwab. The new fund, *Schwab Value Advantage Money Fund®—Institutional Prime Shares™*, has the same investment objectives and holdings as the old fund but is three basis points cheaper.

This information is provided to make you aware of the investment option change with the PCA Retirement Plan. If you are an investor within the money market fund, no action was required by you. Your investment within the fund was automatically transitioned into the new money market fund (SNAXX).

If you require additional information about the new money market fund, you can contact PCA Retirement & Benefits, Inc. at (800) 789-8765 or rbi@pcanet.org. You can also visit our website, www.pcarbi.org, to view the new money market fund fact sheet. — Mark Melendez, Client Services Manager

UPCOMING CHANGES - PCA Target Retirement Funds

The PCA Retirement Plan Investment Committee met March 6, 2009 to review the allocations to various types of investments in the portfolios. During the meeting, the committee heard from both the RBI staff and the investment consultant, Asset Consulting Group, regarding the returns and associated risks for a broad range of investment vehicles. The following changes were approved in the PCA Target Retirement Funds:

- To merge the PCA TRF 1995 into the PCA Harvesters Fund as soon as administratively possible. This change will not require any action on the part of participants in the 1995 fund.
- To slightly reduce the five-year cycle total equity market exposures in selected funds as follows:
 - **PCA TRF 2015 - 65% to 60%**
 - **PCA TRF 2010 - 60% to 50%**
 - **PCA TRF 2005 - 50% to 40%**
 - **PCA TRF 2000 - 40% to 30%**
 - **PCA Harvester equity exposure remains unchanged.**
- Increase the exposure to Treasury Inflation Protected Securities (TIPS) earlier in the equity glide path.
 - TIPS exposure begins at 2% in PCA TRF 2015.

The above-mentioned changes to the TRF equity market exposures will be evaluated over the short run and initiated based upon favorable market conditions.

If you have questions regarding any of the PCA Target Retirement Funds, please feel free to call an RBI representative at 800-789-8765. — Gary D. Campbell, President



SIGNS OF AN IMPROVING MARKET?

As I am writing, the U.S. stock markets have rebounded over 20%,

and I'm sure there are many of you who are hopeful this surprising strength might be a sign of a bottom in the market. While there is no one who could state categorically that this bear market has finally bottomed, I thought I would at least attempt to put the latest news into some perspective.

Retail sales, new residential construction, personal income, and factory orders all came in better than consensus expectations; and when the news is better than most economists expect, that's a good thing!

First, I think it is fair to say that the economic crisis is continuing based upon news reports that businesses are continuing to slash their payrolls, consumers are retrenching, and international economies are reducing their purchases of U.S. export products. I've experienced quite

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MARKET REPORT: 1st Quarter 2009

As spring progresses, we are beginning to feel a thawing affect in the long, hard capital market freeze.

Winter's grim economic activity that has gripped us since December of 2007 appears to be gradually slowing. The end of the first quarter saw a 20% broad stock market rally that has coaxed many investors off the sidelines. Nevertheless, we think it is too soon to predict an end to this bear market. Overall, the economy is still declining; but we are beginning to see isolated sectors of good news - good news that has been in short supply as of late.

The Federal Reserve has stepped up efforts in the first three months of the year to address the U.S. financial crisis. However, it is too early to tell whether the mammoth capital infusion into our economy will have the desired long-term effect. We are beginning to see some stabilization in the hammered housing market due to an increase in new home purchases, as well as refinancing of existing homes. We are cautiously optimistic that the housing sector is in the process of finding a bottom. Vehicle sales have also improved in the last month of the first quarter. This is a very impressive sign, given the continuing bailout talks surrounding domestic and foreign automakers.

Lastly, energy prices have remained low, which is good news for U.S. consumers. Energy prices at quarter end are about a third off their 2008 summer peak.

Investor's fears of an "unprecedented" systemic collapse are continuing to wane. However, concerns still remain about the health of the U.S. economy. Consumer spending has significantly decreased, and companies are addressing income shortfalls by trimming overhead and laying-off staff. Most readers of this article have had some exposure to job loss. If you have not been laid-off, you may have friends, family members, or acquaintances that have lost jobs. Employment has shrunk by more than five million jobs since December 2007; and regrettably, the outlook for unemployment is expected to get worse before it gets better.

Amid the uncertainty, we saw some strong quarter end gains in the U.S. financial markets. However, a closer examination of several indexes reminds us that the U.S. and foreign economic engines are still not firing on all pistons. The S&P 500, a broad U.S. market index, closed at 797.87, down 11.7% for the quarter. The Nasdaq Composite Index, heavily weighted in tech stocks, lost only 3.1% in the quarter. It is important to note that in March, the Nasdaq gained 11% as investors favored the strong balance sheets of larger tech companies. Abroad, we have seen that foreign markets did not fair as well as the

United States. This is represented in the foreign index MSCI EAFE, which closed down 14.6% at 1,056.23. As for bond investors, the end of the first quarter found them optimistic as credit spreads were narrowing. The Barclays Aggregate, a bond index, almost registered a positive return for the quarter at -0.1%.

The short-term outlook for the rest of the year should find our investors battered and bruised but optimistic that the worst may be behind them. From high to low, leading economists are predicting that the real U.S. gross domestic product will drop by nearly 4%. Unemployment, right now above 8%, is predicted to peak around 11% in 2010. Going forward our investors will also be struggling with volatility as the markets return to normal.

The lessons learned from this and other market cycles are abundant. As consumers, we need to be less leveraged. We need to save more for rainy days, or rainy market cycles, and spend less. As investors, we need to take on less risk and stop attempting to hit home runs in our retirement accounts. Instead, we need to focus on saving more and sticking with a diversified and proven investment strategy.

— Mark Melendez, Client Services Manager

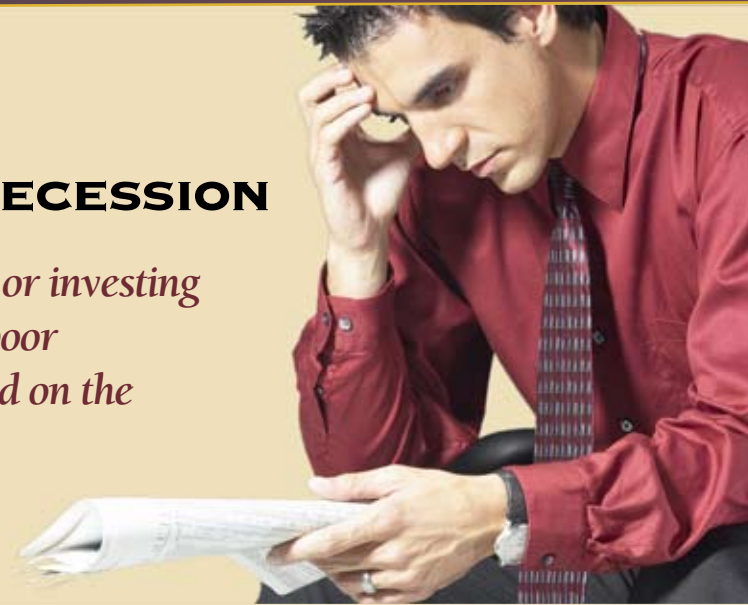
RIGHT THINKING IN A RECESSION

Chasing returns, “following the herd,” or investing like the general population, are often poor investment strategies that are not based on the science of portfolio optimization.

Opening my PCA Retirement Plan quarterly statement several years ago, I came to a rash conclusion about my retirement account: I had not chosen the best performing funds within my investment portfolio. An examination of the PCA Retirement Plan’s investment options had revealed that one particular fund had outperformed all others. Regrettably, I was not invested in that fund and had missed out on the fund’s superior performance over the last quarter. I resolved that going forward I would not miss out on this unique opportunity. I spoke to a service representative and moved some of my money into the “hot” investment option. Like many hasty decisions, this strategy did not work out well for me. The “hot” fund’s performance tanked following this move and pulled down my portfolio’s performance. So much for my great investment strategy!

Chasing returns, as in the situation described above, and “following the herd,” or investing like the general population, are often poor investment strategies that are not based on the science of portfolio optimization. Rather, these strategies are emotionally triggered decisions addressing short-term problems. These reactive decisions give us peace of mind knowing that an action has been taken; however more often than not, these actions do us more harm than good and are frequently counterproductive to our long-term financial security.

In the 1990’s, greed was the emotion that was prevalent in the market. Now, fear is the investment driver for many novice investors. Opening your quarterly 403(b) statements, many of you have cringed at the sight of your account balance; the lower numbers are frightening. Uncertainty begins to creep into your thinking, and suddenly you doubt your financial security in your retirement years. You begin to wonder how you will make ends meet later in life. Apprehension then drives you to make a wholesale change by moving your current portfolio to a money market and/or bond fund, looking for a secure and safe place. Unintentionally, you have fixed into reality what you feared most; you have permanently locked in your losses. This



means the lost value in your account will be nearly impossible to recapture when the market recovers. If you had remained in a well-diversified investment strategy, over time you would have gained back your losses and been in a position to see additional growth in your account.

How, then, should we think about investment planning in a recessionary period? Foundationally, we should consider Jesus’ words from Matthew 6:19-21. “Do not lay up for yourselves treasure on earth, where moth and rust destroy and where thieves break in and steal, but lay up for yourselves treasures in heaven, where neither moth nor rust destroy and where thieves do not break in and steal. For where your treasure is, there your heart will be also.” Jesus is not against saving; He wants us to have our hearts in the right place. Our earthly wealth should never be our final security and hope, only Christ’s unchanging love for us.

Jesus also gave us His Words of peace when He stated in Matthew 6:31-32, “Therefore do not be anxious, saying, ‘What shall we eat?’ or ‘What shall we drink?’ or ‘What shall we wear?’ For the Gentiles seek after all these things, and your heavenly Father knows that you need them all.” Jesus is promising God will take care of us no matter what happens, and this reality brings great peace.

God requires we live a life of faith in His Word. The author to the Hebrews writes an admonition about greed and fear in Hebrews 13:5-6. “Keep your life free from love of money, and be content with what you have, for he has said, ‘I will never leave you nor forsake you.’ So we can confidently say, ‘The Lord is my helper; I will not fear; what can man do to me?’” We need to mitigate emotions that lead us astray from God and cause us to make unwise investment choices; while steadfastly holding to sound financial judgment and trust in God’s unwavering love.

— Rev. Harry Cooksey – Senior Field Coordinator

Signs of an Improving Market? *Continued from cover*

a few recessions since I began my professional investment career over thirty years ago, and I must honestly say that this one *feels* different. I believe the palpable distinction for the difference is found in the Consumer Confidence Index. The Conference Board has measured consumer confidence since the 1960’s, and confidence according to this measure has never been lower.

Stock investors are clearly stressed out as stock prices have been cut by more than one half and many great companies are trading at “hat-size” prices (single digits). February’s slide in stock prices seems to have been precipitated by the Administration’s ineffective initial response to shoring up the financial system.

Without question the fiscal policy response to the events of the past six months has been unprecedented. Congress has passed legislation providing for tax cuts and spending plans of nearly \$800 billion, and the Federal Reserve is doing all it can do by printing money to purchase troubled securities and provide loans and guarantees to struggling financial institutions. Additionally, the Administration plans to provide programs to assist homeowners in foreclosure and support refinancing and home sales. The latest policy response is the Treasury Department’s recently announced Public-Private Partnership Investment Program, which is designed to buy approximately \$1 trillion of toxic assets out of the banking system and the public markets. This is a welcome program, but falls short of addressing the total toxic asset balances in our banking system of roughly \$2 - \$2.5 trillion.

Are all of these programs enough to break the back of this

vicious recessionary cycle we are in? There is still plenty of bad news to go around, but we are beginning to see some glimmers of good news this month (March). Retail sales, new residential construction, personal income, and factory orders all came in better than consensus expectations; and when the news is better than most economists expect, that’s a good thing! Clearly we have not broken the back of this recession, but I think it is safe to say we are at least forming a bottom in the market.

— Gary D. Campbell, President

Investment Performance: First Quarter 2009

	1st Qtr 09	1 Yr.	3 Yr.	5 Yr.
	<i>Average Annual Return Through 3/31/09</i>			
PCA Mid Cap Growth Fund	-4.44%	-30.19%	-10.22%	-1.74%
PCA Mid Cap Value Fund	-13.45%	-39.96%	-16.72%	-5.84%
PCA Equity Fund	-12.66%	-39.33%	-13.85%	-4.95%
PCA Balanced Fund	-6.38%	-26.02%	-6.86%	-2.36%
PCA Income Fund	0.71%	-2.23%	3.17%	2.28%
Small Cap Fund	-12.36%	-36.47%	-15.23%	-6.31%
Int’l Stock Fund	-13.42%	-43.46%	-14.29%	-3.58%
Large Cap Growth Fund	-4.59%	-34.95%	-9.91%	-1.84%
Stock Index Fund	-11.73%	-38.79%	-13.68%	-5.38%
Bond Fund	0.85%	2.91%	4.59%	3.35%
Money Market Fund	0.06%	1.48%	3.51%	2.88%
PCA TR 2050	-11.72%	-38.71%	NA	NA
PCA TR 2045	-11.72%	-38.71%	NA	NA
PCA TR 2040	-11.72%	-38.71%	NA	NA
PCA TR 2035	-10.97%	-37.26%	NA	NA
PCA TR 2030	-10.24%	-35.81%	NA	NA
PCA TR 2025	-8.76%	-32.89%	NA	NA
PCA TR 2020	-7.43%	-29.36%	NA	NA
PCA TR 2015	-6.81%	-27.43%	NA	NA
PCA TR 2010	-6.12%	-25.76%	NA	NA
PCA TR 2005	-4.76%	-22.45%	NA	NA
PCA TR 2000	-3.83%	-17.60%	NA	NA
PCA TR 1995	-1.98%	-14.04%	NA	NA
PCA Harvester	-0.99%	-11.80%	NA	NA

*Note: Investment returns shown are net of investment manager, custodial and administrative fees. All 2009 figures are unaudited.