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Weekly Commentary
April 21, 2008

The Markets

Investors took a hard look at last week's corporate earnings announcements and decided to throw themselves a party.

As earnings reports season kicks into gear for the first quarter, we're starting to see a two-tier scenario. Some companies, such as certain banks, brokers, and mortgage firms, are still hurting and recording billion-dollar write-offs. Other companies such as Coca-Cola, IBM, and Johnson and Johnson, are still doing quite well as evidenced by their first quarter earnings reports that were released last week. The weak dollar and strong emerging markets are helping these companies as they rely on foreign business for a chunk of their sales.

The strong gains in the stock market last week may suggest that investors are beginning to believe that perhaps we're past the midpoint of this economic slowdown. Using that logic, investors may be discounting the current slowdown, and envisioning an upcoming recovery and positioning themselves to take advantage of it.

From a professional's standpoint, the current market environment is really quite fascinating. We have so many crosscurrents taking place that it requires all of our skills and talents to try to make sense of them. Here's a brief list of what we've been dealing with in recent months:

- More than 200 billion dollars of losses in the financial sector, according to Reuters
- The near collapse of a major investment bank
- Record oil and gas prices
- Record precious metals prices
- Record agricultural prices
- A very weak dollar
- Strong emerging markets economies
- Strong U.S. exports
- A drawn out war
- A combative political season
- An explosion of newfangled investment products

When you add it all up, the complexity and intermingling of our economic and financial system is rather mind boggling. Yet at the end of the day, it may turn out that the diversity of our world economic system may actually save us. Yes, there will be winners and losers, but as evidenced by last week's market euphoria, the winners may ultimately have the upper hand.

Returns through 4/18/08	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Dow Jones Industrials	4.3	-3.1	-0.9	8.5	9.1	3.5
NASDAQ Composite	4.9	-9.4	-4.9	7.9	11.0	2.4
Standard & Poor's 500	4.3	-5.3	-6.3	6.7	9.3	2.2

Sources: Yahoo! Finance, Barron's. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. Three-, 5-, and 10-year returns are annualized. Assumes dividends are not reinvested.

WHAT'S THAT SAYING ABOUT THE COBBLER'S CHILDREN never having shoes? A Central Michigan University (CMU) professor set out to discover whether finance professors employ the investment strategies they teach. CMU assistant professor of finance Colby Wright, along with James S. Doran and Dave Peterson of Florida State University, surveyed all finance professors at accredited, four-year universities and colleges in the U.S. to assess how they invest their own money.

The study discovered that approximately two-thirds of finance professors are "passive investors" and do not try to beat the market. (Only 7% of respondents believe that they could beat the market "if they had the time.") The study also found that finance professors have the bulk of their wealth in general mutual funds, with a fair amount invested in individual stocks.

Surprisingly, the study found that finance professors have limited investing experience. For example, the median professor has purchased an individual stock fewer than 20 times in his or her life; more than 14% have never purchased an individual stock; roughly 70% have no experience buying options; and approximately 60% have never purchased an exchange traded fund.

The researchers also found that when finance professors actively trade stocks, what matters the most in their evaluations are price-to-earnings ratios, market cap, and momentum-related information such as a stock's return over the past six or 12 months and the stock's 52-week high and low. The more complex dividend-based valuation models and some of the traditional asset-pricing models were the least utilized by finance professors.

Clearly, there's a difference between what the professors teach and what they do.

Weekly Focus – Do You Want to Live to 115?

At 115, Edna Parker of Shelbyville, IN, is now recognized as the world's oldest living person, according to Guinness World Records. What's her secret? According to her grandson as reported by the Associated Press, "She's never been a worrier and she's always been a thin person, so maybe that has something to do with it." Dr. Tom Perls, an aging specialist at the New England Centenarian Study at Boston University, added, "The secret to a long life is now believed to be a mix of genetics and environmental factors such as health habits." He went on to say that centenarians also seem to deal with stress much better than the average person.

Do you have any desire to live to 115 assuming you could do it with reasonable health?

Have a great week!

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

* The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks.

* The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System.

*Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Consult your financial professional before making any investment decision.

* You cannot invest directly in an index.

* Past performance does not guarantee future results.

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