

September 26, 2008

### SPECIAL CLIENT MESSAGE

Recent financial events are raising anxiety levels for all investors. We can certainly tell by the number of client phone calls asking for our thoughts. Believe us, we understand and acknowledge the emotions you go through as you listen to the media, politicians, and news programs screaming about the panicky environment on Wall Street. Rest assured, we have helped clients survive and ultimately prosper through four decades of other acute crises and panics. The difficulty we all have is to get past fear and look ahead to the time when the panic passes. Some of our clients have not experienced the emotions of a bear market of this type, while some of our long-term clients have. **Our own experience tells us that every time volatility, turmoil and emotions run this high, a major market turning point is close at hand.** We are optimistic today's credit crisis will end soon and the financial markets will advance strongly in the year ahead. History is on our side, as major market advances typically start in the midst of all the chaos.

There is an old saying on Wall Street that investors should remember – “Don't Fight the Fed”. The Federal Reserve has moved aggressively and in unprecedented fashion to repair the credit mess created by the excesses of abusive real estate lending. In addition, the U.S. Treasury department has just thrown its full weight and resources to relieve the credit crunch. We see many additional positive developments in the background that will likely drive the stock market higher. *First, the pending bailout bill is designed to provide much needed liquidity to the financial system and relieve the credit crises logjam. Second, the government moved to guarantee all money market funds, so investors should no longer worry about the safety of their money market deposits. Third, as predicted in our July newsletter, oil prices have dropped significantly and will serve as a huge economic stimulant.* Taken together, these factors will act to resolve the crises, calm financial markets and even allow them to move higher.

We have been through many such crises and feel confident that our experience, conservative philosophy, and investment disciplines will see your portfolio through this current environment. We are devoted to helping you through this difficult period and prosper in the years ahead. Thank you for your continued confidence.

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