

**Thank God It's Friday!**

March 28, 2008



It has been nearly six years since we first published our weekly TGIF. July 5, 2002 was the maiden voyage. The roots lie with our involvement in the Contra Costa Times' weekly stock picking column that ran every Monday morning. We were among 10 firms in the area that competed in the annual contest. Our internal brain trust would get together every Friday afternoon to compare notes and come up with our weekly stock recommendation. The competition was a huge hit with readers and we enjoyed writing our weekly rationale report. We actually once got an unsolicited phone call on a Wednesday inquiring about our pick, so the eager investor could front-run and buy the stock ahead of time. We got a chuckle out of that.

If you recall, 2002 was a challenging time for stocks. It was the worst of the 3-year bear market resulting from the tech-bubble bursting in 2000. Some column participants abandoned the contest complaining of bad PR. Many scarred investors loathed stocks, and couldn't tolerate the Stock Market. We were 1 of the last 3 standing when and the Times decided to pull the plug on the endeavor. The Stock Market hit bottom in October of that year.

Since we enjoyed our Friday strategy sessions so much, and found value in putting our ideas on paper, we decided to bring it directly to you, our valued clients, as a way to communicate our thoughts and strategies in an efficient manner and hopefully provide some education and entertainment along the way.

There are some market parallels between then and now. A significant sell-off has resulted in fear of stocks yet again. Investor sentiment is actually worse today than it was in 2002, with fewer bullish investors and larger cash positions. This is a contrarian signal that is actually very positive for the Markets. Interest rates are at similar lows, following aggressive cuts from the Federal Reserve sending the Fed Funds rate and 10-Year Treasury to bottom out at 1.00% and 3.08% respectively in 2002 compared to today's rates of 2.25% and 3.5%.

Monday marks the end of the first quarter, one of the toughest quarters since 2002. You will be receiving our quarterly newsletter in your packet which will give our updated perspectives on the current environment and where we're headed. Despite these challenging times, we do see some optimistic signs.

In honor of the 6<sup>th</sup> birthday of the TGIF, we will be hosting a celebration here at our office on a Friday afternoon in May, and you're all invited. Stay tuned.

As always, please don't hesitate to contact us with any questions or concerns. We value any feedback you have regarding the TGIF or any topics you would like us to cover for future publications.

Thank God It's Friday – have a great weekend!  
By Mike Frazier

| INDEX      | 03.28.2008 | 12.31.2007 | %Change |
|------------|------------|------------|---------|
| DOW JONES  | 12,216     | 13,265     | -8%     |
| S&P 500    | 1,315      | 1,468      | -10%    |
| NASDAQ     | 2,261      | 2,652      | -15%    |
| Bond YIELD | 3.47%      | 4.03%      | -14%*   |

Bond Prices



Bond Yield %

