

**Thank God It's Friday!**

**08.22.2008**



As the "Dog Days of Summer" unwind, we've been sharpening our pencils to plan for the rest of the year and into 2009. While the majority of Wall Street is vacationing in the Hamptons, we are getting ready to pounce on a potential recovery rally.

markets like China, Brazil and India. However, we see US markets will likely recover before Europe, and today domestic stocks are demonstrating such leadership.

With the slowdown abroad and the sell-off in commodities, the **US Dollar** has strengthened, or perhaps more accurately, has become less weak. This threatens the currency advantage for US exports but presents a buying opportunity in one specific group of stocks. Mid-cap companies are not too large and not too small: They are just right for today's market conditions. They typically have a higher percentage of revenue derived domestically. We still believe the Global economy will be the driving force longer-term, largely driven by emerging

Alternative energy is hot again, if you'll excuse the pun. Esteemed oilman, T. Boone Pickens, has put his money where his mouth is to save the planet and reduce America's reliance on foreign oil. He has drafted a comprehensive plan which addresses the energy crisis. At the heart of his solution is **natural gas, solar and wind**. His rationale is based on **natural gas** burning 50% cleaner than oil AND the fact we have an abundance of **natural gas** resources here. We produce 80% of the **natural gas** we use in North America. Conversely, we import 70% of the oil we consume, and are subject to foreign government manipulation.

As Election Day approaches, energy will be on everyone's lips, and TV screens, and web blogs and on the front pages of newspapers. This media blitz should cause voters to focus more on energy and alternatives to oil. As professional investors, we began two years ago investing in alternative sources understanding that crude oil is NOT the only answer. Alternative energy is a key theme for our investment strategy, both near-term and for the long-haul.

The greatest growth story of the century is still China. The success of the Olympic Games proves China is ready for prime-time in many respects. China, like the rest of the world, has been experiencing a slowdown in response to the energy crisis as well as America's housing bubble. Like most emerging markets, inflation has become a nagging growing pain for China. But slower growth in China still outdistances the rest of the world, by a long-shot. Their economy is expected to show a 9% climb this year, and sustainable growth of 7-8% longer-term. Despite this, the Chinese stock market has fallen over 50% this year. We feel that Post-Olympic China remains healthy at the core and the China trade will work again now, at bargain prices.

We don't see Wall Street's volatility subsiding anytime soon, and there are major events that will unfold before we close the year. But are there investment opportunities now? Yeah, we think so. We will take advantage of them by using indexes, global stocks, and international bonds. Suffice to say both traditional and alternative energy will be our focus.

INDEX	08.22.2008	12.31.2007	%Change
DOW JONES	11,628	13,265	-12.3%
S&P 500	1,292	1,468	-11.9%
NASDAQ	2,414	2,652	-8.9%
Bond YIELD	3.86%	4.03%	-4.22%*

Bond Prices



Bond Yield %



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