

MEG GREEN & Associates

FINANCIAL PLANNING • INVESTMENT MANAGEMENT

Dear Client/Friend November 2008,

The meltdown of our financial system has come like a bridge collapsing. The faults were lurking underneath, and a domino of events triggered this whoosh down. Combine fear of the unknown (and fear of the known), with a complete lack of confidence in our current administration and our lame duck congress, and you see relentless dumping of stocks, bonds, commodities and anything else that can turn into cash. The impulse is to run for the hills. Add to this the massive forced hedge fund liquidations, many from overleveraged positions, and the unwinding of credit default swaps, which grew to an unsustainable level, and you have a perfect storm. Sellers are everywhere, yet where are the buyers? They're waiting in the wings.

These are markets. Think of the housing market. That roof over your head has an unknown value today, with the credit markets dried up and foreclosures abounding. But it has a value, and if you're not forced to sell it, it can provide for your housing needs. If you *had* to sell right now? Don't even go there. The investment atmosphere isn't pretty, and no one is immune. Unfortunately, the good guys get punished along with the bad guys, and no one has the answer as to how long, how far, and when we will be back on course. And so it becomes a downward spiral such as we're experiencing now.

There is an end to this, you know.

We don't have to reiterate all the bad news this type of occurrence brings, with a recession leaning into what some think will become a depression. Buddy, can you spare a dime? There's no question that the world as we know it has changed, and sadly there's much pain for many, and more to come as the auto industry sorts itself out. But is it all for the worse? We think quite the opposite, longer term. It's just the current pain that we need to manage. The patient is not dying.

So let's do some forward thinking together, and while we continually assess your portfolios and how they need to work for each one of you individually, let's see where the silver linings are hidden.

First of all, welcome to the 21st Century and our next growth phase. Although not everyone was happy with the results of the presidential election, many have high hopes that at last, instead of pure politicians making all the crucial decisions for us, we'll now have teams of professionals, doing what they know best, to help run the different divisions of government. Hearing that there is even going to be a Chief of Technology in this administration tells me we'll be exchanging some very old, dated, tried and not true systems for our brave new world.

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That bridge collapsing I spoke about? It's not just a metaphor. There are infrastructure problems that can take a life in an instant. (Puts our portfolio losses in a different perspective.) While our housing industry puts a temporary hold on new growth, those workers can start fixing our infrastructure. Now. With my kids and grandchild on the road, I personally would really appreciate that. So one industry swap to another. The financial services industry has and is still morphing into what I hope will be one of the utmost of ethics, integrity and smarts. Stay tuned, as this shakedown continues. I want to own the winners. There will always be a need for a good financial system.

And this time, we're not lulled by the huge drop in oil prices. Fool me once, shame on you. Fool me twice, shame on me. We're on it. A whole new alternative energy industry with millions and millions of good jobs will emerge, and very quickly, I think. And if I had my way, Detroit would give us new, lean and mean companies with smart, forward thinking leadership. They can then re-employ so many talented workers into the millions of new jobs this industry is going to need. Whatever those companies become, I'm a buyer of their stocks.

In the interim, as we wait for these and numerous other new themes to rise from the rubble, it's in our best interest to try to find some patience through the next few months. Lows will be tested, that is to be expected, but investors will not ignore the stock markets forever. Risk taking will eventually ensue; cash will once again flow back into the markets, and into the right places. This is why we've hired quality money manager to help us find the best places to be invested for the long term. For those who have become more of a short-term investor in these markets, we're busy working with you to implement strategies to hopefully steady your principal more while finding satisfactory yields.

So Dear Friends, take a deep breath. We're here to talk, to suggest and to just hold your hand. I know how difficult this is for all of us on so many different fronts. It's not just our portfolios and us. It's our kids, our families, and our friends. It's all around. While you're taking that deep breath, take a moment to be thankful for all you do have. And it's perfectly ok to have a second or even third helping of stuffing on Thanksgiving. ☺ Make it a good one, everyone.

Warmest regards from all of us here at MG&A.