

**Third Quarter
2008 Category
Market
Performance**

Large Cap Core
- 14.73%
Mid Cap Core
- 17.17%
Small Cap Core
- 11.19%

**Third Quarter
2008
Index
Performance**

S&P 500
-19.64%
-
DJ Industrials
-16.73%
Lehman US
Agg. Bond
.63%
MSCI EAFE
-28.58%

These stats – provided by Morningstar – are a sample of the benchmarks by which investors should gauge the relative performance of their money managers.

Making sense out of this drop.

It is a warm autumn morning here in Michigan – the kind of day that is described in books and one that makes the changing of seasons so special to those of us that brave the winter year after year. It is also of note because it gives us the ability to step outside the stresses of the week and think a bit more clearly. In that regard here are some thoughts that might help make some sense to you as the stock market plays this game.

The economic crisis that we are facing here in the US and now pervasive to the rest of the world, has been caused by the lack of credit/liquidity available to individuals, corporations, municipalities, and in some cases governments. This lack of credit/liquidity was caused by the housing bubble and supplemental to that, all of the financial products that were spawned by the ridiculous increase in values and unimpeded availability to unqualified entities.

The economic recovery will come about by the understanding that the US and the global economies must infuse credit/liquidity back in to the economy. They have started and the economies will recover. The \$700 billion liquidity package and the .5% Fed rate cut will begin the ball rolling in the US and the upcoming global summits will go a long way in healing the world economies.

Having said that – this is going to take some time and in my opinion, 2Q '09 will be most likely the first tangible sign that it is on the road to health. As with all serious economic shocks, however, it is going to come with the understanding that we can't repeat the unchecked creation of financially engineered products – essentially, greed is not good.

Politicians, Media and the Talking Heads (PMT's).

I would love to take the time to write a dissertation on the negative effect this election is having on rational thinking. While we eagerly wait what our politicians say, the truth is at this point their only goal is to get elected. Their message: the world is messed up and they are the only path to salvation. The media gathers and magnifies that message, and the talking heads somehow pose as experts and add validity to the whole process.

A friend of mine who is a comedian of some note was asked if he minds hecklers. He answered not really because he has the microphone. The PMT'S don't have to be prudent or qualified; they just have the ability to talk louder than everyone else. The sad part is that people listen to them because the more qualified people don't have the microphones.

It is true, we are in a tough situation but there is now an all hands on deck mentality that will correct the current economic malaise. In fact, there are some bright spots in the form of substantially lower oil prices, easing of monetary policies, increase in savings rates and receding inflationary pressures.

As always, I end this StraightTalk with the request that you continue to stay the course in terms of investing – if your time horizon and risk tolerance are the still the same – be patient.