

MONEYLETTER *Hotline*

Welcome to the *MONEYLETTER* Hotline for September 24, 2008

The stock market, not to mention the economy, is now in the hands of Congress. The only thing that matters is the fate of the financial sector bailout plan. There is general agreement that the plan will ultimately pass, in one form or another. One person who believes that is the case is Warren Buffet as he made his company's \$5 billion injection into Goldman Sachs.

The market is right, in our opinion. The bailout plan substantially shortens the pain of the period we are now going through. Without it, the financial sector will continue the turmoil we witnessed over the last month. This is not to say that the adoption of the plan will suddenly transform the market environment. But it will allow investors to look ahead and to base their investments on the assumption that we will have a functioning credit market. With that, investors can begin to make investment decisions on the basis of price-earnings ratios, the outlook for interest rates and other economic and market factors.

Chairman Bernanke today briefly outlined his take on the economic outlook. It was not pretty. Are you surprised? The market losses and volatility over the past few weeks have shaken confidence for both business and consumers. As we see it, once Congress acts, the Federal Reserve will be cutting interest rates, and another stimulus package will be in the works. We believe this will change the outlook and spur a market recovery. Stocks are cheap.

There is no change in our recommended allocations.

New Fund Ratings – For domestic stock funds, two funds are now rated Buy: Morningstar Small Value and Wells Fargo Advantage Small Cap Disciplined. Fidelity Focused Stock is now rated Hold. Janus Enterprise is now rated Sell. For international stock funds, two funds are now rated Buy: PowerShares International Dividend Achievers and S&P 150 Topix. Two funds are now rated Hold: Allianz NFJ International Value and Matthews Asia Growth & Income. There are no other changes.

Janus Enterprise is in the Moneyletter Conservative portfolio. We will switch it into Russell 2000 Value (an ETF, Ticker: IWN)

The Stock Market – Despite the terrible market of this year, we sincerely believe we will see higher prices over the next six months.

The Bond Market –

The Select Portfolio – Powershares Water Resources (PHO) is to be sold and switched into Russell 2000 Value (IWN).

The next Hotline is scheduled for Wednesday, October 1st at 7pm.