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July 21, 2008 VIA EMAIL

We thought you might enjoy the enclosed letter from from Lincoln Anderson, LPL's Chief Economic Advisor. In light of today's current market environment, we thought it was not only insightful, but easily readable too.

Also, at long last, we are delighted to announce the launch of our brand-new website -- www.freedmanfinancial.com. Please take a look around and let us know what you think. Please take note that access to Account View and Wealth Vision are both located in the upper right hand corner of the page. What more we should be adding to the site and what parts do you find most useful?

As always we appreciate this opportunity to deliver financial planning services to you, and recognize that while it is a challenging time -- we will always strive to place the interests of our clients first.

Sincerely,

Marc S. Freedman CFP

July 18, 2008

Dear Valued Investor:

Financial markets around the world were hit pretty hard last week. And while this week has been better, it is hard to remain upbeat with all the stories of woe coming out of Wall Street. We have had round after round of new write-offs from the big banks and Fannie Mae and Freddie Mac. These two big Government Sponsored Entities (GSEs) that hold or insure about half of the nation's mortgages came under fire, and their stock prices dropped sharply. Finally, last Friday we had IndyMac Bank fail; the second largest bank failure in the U.S.

The problems at the big financial institutions stem from two big mistakes. First, mortgage lending standards were way too lax. For example, IndyMac Bank was the biggest "alt A" (meaning low or no borrower documentation, low income or low downpayments) mortgage originator. Why on earth lenders thought no documentation loans were a good idea, I will never understand. Lending standards are once again all nice and tight, four years too late. Now we face some short-term dislocations from legitimate worries about bank failures and a stiff head wind from the general tightening of credit conditions. In the short-term it hurts, but in the longer-term it is a good thing.

Second, a group of big, prominent financial institutions lost sight of risk control and built up huge portfolios of mortgage and mortgage related securities. With high leverage comes high risk, so when a relatively small slice of the mortgages started to default (mainly sub prime and alt A's), the high leverage began wiping out their capital pretty quickly.

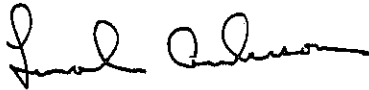
With all the carnage on Wall Street, it is important to bear in mind that most of the U.S. credit market remains healthy. The Lehman Aggregate Bond Index, which is representative of the entire U.S. investment grade debt market -- more than 90% of total debt, is doing just fine, with a positive total return. And the non-investment grade debt total, while suffering, is in general not doing all that badly, with corporate high yield down about 4% over the last year. These mortgage issues remain highly concentrated, but also highly visible.

As I have said before, my big concern is the price of oil. Oil prices are just way too high, and I am seeing substantial energy demand destruction and the beginnings of supply increases. Statements that market prices always reflect normal supply and demand are, to me, silly. Oil prices dropped \$16 over the last three days; that's not normal. Hopefully, we are breaking the speculation in oil, and prices will continue to fall.

I am worried about all this, as I am sure you are. I do think we are pretty far along in the corrections in housing and the banking system, and I am very impressed at our economy's ability to weather these two major shocks. While it looks like we avoided recession in the first half of the year, I think high oil prices, if sustained, may push us into a shallow recession in the second half. If so, what does this mean for stock prices? The old adage is that the stock market is six months ahead of the economy, and right now it looks as though financial markets may already have a recession priced in. Financial stocks have generally been crushed, and most other sectors have, in my opinion, been beaten down to historically low price/earnings ratios.

At times like this it is very tempting to throw in the towel and just go to cash. I wish I could tell you with assurance that we are "at the bottom", but neither I nor anyone else can predict the stock market's course over the year ahead with any assurance. But I can tell you that more often than not, these periods of bear market territory declines are followed by swift, and unpredictable, recoveries. The protracted decline from 2000 through 2003 is very much the exception, not the rule. So, while it looks like "time to do something", I think that most often backing away from the equity market at times like this proves to be a mistake. As always, please call your financial advisor with any questions or concerns.

Sincerely,



Lincoln Anderson
Managing Director, Chief Investment Officer

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

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