Client Bulletin

William Baker & Associates, Inc.

400 Galleria Pkwy, Suite 1500 Atlanta, GA 30339 Phone: (770) 956-4073
e-mail: wmbaker@wilbankssecurities.com www.wmbakerinvest.com

September 16, 2008

The U.S. stock market and stock markets around the world are being pummeled by financial typhoons and hurricanes. As I write this bulletin, the S&P 500 index is down from last October's high by more than 24%. Year-to-date the S&P 500 is down more than 19%.

Last week, before the brunt of this week's storm surge our supply-and-demand indicators suggested stock market risk had risen. Therefore, we had already started to batten down the hatches in preparation to withstand a storm. We took action to raise cash, and also move out of equities into non-correlating assets such as the money market and bonds. By doing so, we have cushioned portfolios from bearing the brunt of the storm. We also positioned portfolios so that we have safe assets that can be put to work in equities after much of the market risk is washed out. While we will incur some storm damage, as most homes do in a hurricane, we expect (we can never guarantee), but we expect, that we will be in very good shape for the recovery.

There are never any guarantees with investments. We know that prices go up and down. What we do is assess risk and make prudent adjustments as market conditions change.

We felt it was important to let you know that we are doing continual due diligence and executing appropriate changes in your portfolio as conditions warrant. Portfolio values are currently lower due to the extent that we were and remain in equities. Markets can come back fast and furiously.

Therefore, it is not smart to try to time the market or make wholesale moves by jumping in and out. With some exposure to equities, when the market does turn back up, (and we have no idea as to the when) we will participate in those upside moves.

It is important in these times to not get caught up in the moment but to look a little out into the future. Storms pass, you clean up, and you go on. Your portfolios are well positioned to move ahead nicely once this storm passes and market conditions become more favorable.

Securities offered through and supervised by Wilbanks Securities, Inc. Member FINRA/SIPC •
4334 NW Expwy, Suite 222 Oklahoma City, OK 73116 • 405-842-0202