



REWRITING HISTORY

Less than one year ago Alan Greenspan was being hailed as the “greatest Fed chief off all time”. Tonight I see him being vilified on CNBC. A few nights ago I saw his name being placed in a “Hall of Shame” because he was one of the people who caused our current economic problems.

If you want to get to the root cause of the current problems all you have to do is to go to our website and read our July 15th newsletter. It wasn't Alan Greenspan who started all this.

In fact, this recession would have occurred a few years ago if NOT FOR ALAN GREENSPAN. HE DID WHAT HE COULD. Actually, he did what he HAD TO DO, given 9/11.

We identified the root causes of today's problems in our July 15th newsletter called “IT'S A BIG BEAR”.

Check it out at

<http://www.kaassets.com/pubs/2008/It%20is%20a%20BEAR%20071508.pdf>

Read the friggin' newsletter carefully. It explains A LOT.

I am amazed that I still find all the financial press flailing around looking for the answer as to how all this happened. I am stunned that there is no one in the press articulating what actually happened. The people on this mailing list can read it if they want to. You may be the only ones on the planet getting the straight story.

This started in the Bush White House, period, end of story, no BS, stop the music, I want to get off. Just read the friggin' newsletter carefully and you will know the source. Forward it to your friends if you want to.

I am not political. I am registered as an independent—and always have been. I am as Red as I am Blue and I have NO agenda politically. I just report the facts.

Every river has a beginning. Every river gets bigger and bigger and flows to the ocean. This one started in the Bush White House. It started as most rivers start—as a trickle. Did they know what they were doing at the time? I SERIOUSLY DOUBT IT. But what they created grew into a monster. Reality is that they had no idea what they were kicking off at the time.

That is no political commentary. It is just a fact of history.

Where the heck are the Woodward and Bernstein of our era? The press is IMPOTENT. As a guy who was in the ownership group of a couple of newspapers for 7 years I mourn that. Why the heck isn't there better discovery and reporting on this? Did everyone get stupid? Or, are we victims of the culture of fear that has been instilled in us for the past 8 years and does that prevent us from challenging conventional wisdom? Does it keep us from being wise? NO ONE has reported this story accurately.

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K&A manages accounts with various histories and investment objectives. Various accounts may be managed differently from time to time.

Krsek makes frequent reference to the model portfolios called Hatteras, Mendocino, Halifax, Bonavista, Fresnel and The New World. During 2005 Paul Krsek was appointed Chief Investment Officer of K&A, and as such is responsible to make all trading and management decisions for all client accounts which are being managed according to a specific portfolio model. A description of each of our models can be found on our website at <http://www.kaassets.com/choices.htm>.

Not all accounts managed by K&A are "modeled" accounts. We strongly urge our clients to understand which model, if any, are being used to manage their accounts.

As of July 3, 2007 Lee O'Dwyer joined K&A as a portfolio manager. Paul Krsek and Lee O'Dwyer frequently discuss investment ideas, model portfolio strategies and the investment policies of K&A. But when it comes to the implementation of those policies Krsek is primarily responsible to manage the accounts that fit into each model portfolio description. He generally makes all final investment and trading decisions relative to those accounts that are considered to be "modeled." However, in Krsek's absence O'Dwyer does have the authority to trade all client accounts. He has been actively trading accounts in the various models since joining K&A.

From time to time K&A receives requests from clients to purchase securities that are not included in the model portfolio to which they are assigned. Effective May 24, 2006 K&A has encouraged clients to hold such securities in a separate account for the client. Because K&A is a "fee only" registered investment advisor" it charges its normal management fee for monitoring such securities in the separate accounts in which they are held.

K&A makes every effort to exclude securities that are 'requested by the client' from the modeled portfolio accounts.

The investment objectives of various accounts and models may be substantially different from one another. Therefore topics or investments mentioned in E-Ellumination may or may not apply to specific managed accounts and/or models.

Trades or adjustments to accounts mentioned in ELLUMINATION may or may not happen in every account managed by portfolio managers at K&A.

If you are not satisfied with the investment results in your account it is your responsibility to inform Krsek or Andreae and to discuss possible changes that can be made to the account to accommodate and satisfy your needs.

The assets held in managed accounts at K&A Asset Management, LLC may include stocks, bonds, cash, commodities, foreign exchange or mutual funds or exchange traded funds (ETF's), money market accounts or limited partnerships that represent the same. They are subject to market fluctuation and the potential for losses. The assets are not insured. The value and income produced by these investment products may fluctuate, so that an investor may get back less than they initially invested.

The portfolio managers at K&A Asset Management, LLC do not guarantee results.

Past performance should not be considered an indicator of potential future performance. If you do not consider yourself suitable, either emotionally or financially, to experience volatility and/or losses in financial markets, you should not invest.

From time to time Krsek lists the simple annual returns of the six model accounts in this newsletter. These accounts are "models" and do not represent the actual results accruing to individual accounts. Simple annual return does not represent "time weighted return" as reported individually to clients in their quarterly reports prepared using Centerpiece.

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Sincerely,

Paul Krsek
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