

Gold Breaks Out, Stocks Flounder, Bonds are Stellar

January 24, 2009

We have been telling you for several weeks that gold (GLD) was on a 5T buy signal on daily charts. We have also been telling you that if GLD triggered a buy signal on weekly charts that we would be adding to the allocation in all models that can hold GLD. That buy signal happened today as we closed out the week with a huge move up in GLD. Therefore we will be increasing the allocation to gold (GLD) in Hatteras, Mendocino, Halifax and Fresnel. We will be initiating a position for Key West (formerly ETF). Pt. Reyes and The New World can't own gold.

It would not surprise us a bit to see gold at \$1200 per ounce by the end of 2009. The technical picture for gold just keeps getting stronger and stronger.

We have been working all week to increase Pt. Reyes allocation to bonds from 80% to 90%. As of today most of the accounts in that model group have reached that 90% allocation. We have two accounts that belong to newer clients and we still have a ways to go to get them fully invested. It should happen by the end of next week. We bought some outstanding bonds this week. We are extremely pleased for the Pt. Reyes clients.

We have also started adding individual bonds to the Key West model. This is a bit of a change in plan as this model is designed to invest exclusively in Exchange Traded Funds (ETF's). The bottom line is that we see no reason this model group can't enjoy the attractive yields we are finding along with the stability of owning the individual bonds. Therefore we are proceeding to build a 30-40% allocation to corporate bonds for Key West account holders.

The global and U.S. stock markets simply can't get out of their own way at this point. All major U.S. stock averages closed lower for the third week in a row.

U.S. equity markets now look oversold to us and they may move up next week, particularly if the pundits react positively to any news or views regarding the new Obama stimulus package. We will be looking for a change in the technical picture of the equity markets, but we are not intending to step into the markets ahead of any solid technical change.

The oil market exhibited signs of coming back to life this week and we will be spending the weekend updating our data and opinions regarding oil, and oil related stocks. This is a sector of the market we are keeping a very close eye on, but we have clearly not yet gotten the technical signals to move back into oil, or oil related stocks.

FYI, we like GE a lot at \$12. Do you believe that?

Have a great weekend.



Paul Krsek
MANAGING MEMBER & CHIEF INVESTMENT OFFICER
5T Wealth Management
(707) 603-2672 Office

(707) 486-7333 Cell

paul@kaassets.com

www.kaassets.com

5T Wealth Management (formerly known as K&A Asset Management)

Registered Investment Advisors

702 Trancas St, Ste 200, Napa, CA 94558

707.226.1340

www.kaassets.com

Disclosure and Disclaimer - Updated last on August 13, 2007 by Paul Krsek:

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5T WEALTH MANAGEMENT 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 5T WEALTH MANAGEMENT, 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 5T WEALTH MANAGEMENT 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 5T WEALTH MANAGEMENT as a portfolio manager. Paul Krsek and Lee O'Dwyer frequently discuss investment ideas, model portfolio strategies and the investment policies of 5T WEALTH MANAGEMENT. 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 5T WEALTH MANAGEMENT.

From time to time 5T WEALTH MANAGEMENT receives requests from clients to purchase securities that are not included in the model portfolio to which they are assigned. Effective May 24, 2006, 5T WEALTH MANAGEMENT has encouraged clients to hold such securities in a separate account for the client. Because 5T WEALTH MANAGEMENT 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.

5T WEALTH MANAGEMENT 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-illumination 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 5T WEALTH MANAGEMENT.

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.

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The portfolio managers at 5T WEALTH MANAGEMENT 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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