Summary of Newsletters (since EAM started sending newsletters):

All newsletters are time and date stamped on Google's email servers and available for audit.

1st Quarter, 2007: "The most overt and immediate risk to the US economy is the real estate market." It appears the sub-prime market problems could lead to more **precipitous drops in real estate prices, drop in the value of the dollar, and substantial stock market losses.** ...the chances for a substantial market unraveling is high enough to take **precautionary moves in retiree and more conservative accounts** [April 18, 2007 – DJIA 12,804]

March 17, 2008 – Commentary on Bear Sterns purchase by J.P. Morgan. Unprecedented negative conditions for lending could lead to a liquidity crunch. "Some **conservative accounts already protected with hedges and for others it is not time to be aggressive [investing] yet**." "I see and hear of many groups now jumping into the market now that the conforming rate limits have been raised. Please consider very carefully before buying the "bargain" foreclosure down the street... a day may come, very soon, when that bargain price no longer looks so good." [DJIA 11,972]

June 5, 2008: - **"The average urban U.S. home price has declined by about 14%. Does that mean properties are good values? NO." I believe most homes in most areas of the country *still* remain significantly overvalued." [DJIA 12,604]**

June 23, 2008: "A Recession May Be 'Just What the Doctor Ordered.'" **We must prepare for worse news**. And all of the trouble is our own fault: we need to save more and be responsible consumers and investors, like the Chinese. The type of pain coming up for the economy may be necessary to get people to change their ways – and that will be good, *long-term,* for everyone. [DJIA 11,731.06]

October 21, 2008 – Op Ed in New York Times by **Warren Buffett**: Buffet stating he is buying U.S. Stocks, to be "greedy when others are fearful." **Buffett admits he hasn't "the faintest idea as to whether stocks will be higher or lower a month – or a year – from now**. What is likely, however, is the market will move higher, perhaps substantially so, well before either sentiment or the economy turns up. So **if you wait for the Robins it is over**" [DJIA 9,017.30]

October 24, 2008: "A Thousand Popping Hedge Funds." We argued that **"many hedge funds will go belly up soon"** and many investors who thought hedge funds were smart investments will suddenly realize how foolish they were. Don't waste money chasing high fee **illusionary** stable and above-market returns of hedge funds – some are about to shock the world by going bust. **Invest in things you understand and that make sense. "For my aggressive investors "the time is here to start investing aggressively." [DJIA 8,088.63]**

January 8, 2009: "Elliott Asset Management had Nothing Invested with Madoff." **As predicted, several hedge funds went bust in spectacular fashion**, but still people asked us if we had exposure to Madoff's hedge fund (the largest Ponzi scheme in history). [DJIA 8,593.52]

March 9, 2009: (released March 10, 2009) "Record Lows May Spell Opportunity for Superior Long-Term Returns... Once again we are becoming more aggressive" "This edition explains why we are, like we were in late October 2008, becoming more aggressive with our investment purchases. I have never seen as much pessimism as I see today. And like the euphoria of the housing market spelling disaster the current pessimism may spell opportunity" March 9, 2009 (the date this newsletter was written) was the day the US stock market hit bottom. **[DJIA: 6,547.01 (3/9/09), DJIA: 6,926.49 (3/10/09)]**

June 5, 2009: "Should You Start Thinking About Real Estate Again?"
"today… there are too many good investments out there to possibly buy them all. Many stocks and bonds are *still* fantastic bargains and now so is residential real estate [in certain markets]. We confess our March 9 newsletter should not bestow guru status unto us for "calling the market bottom," **We owned the number 1 stock in the NYSE, NASDAQ, and closed-end mutual fund on the same day – all in different sectors**. In a portfolio of about 30 equities positions the chances are very remote of that happening by chance (perhaps as low as 1 in 500 million). **[DJIA: 8,763.13]**

July 31, 2009: "**There are still significant opportunities in stocks.**" We will stop making significant asset allocation changes as things appear to be "back to normal." Congratulations for not succumbing to panic and for **surviving what may be the worst bear market of our lifetimes** (implying the bear market truly was over unlike what most pundits were saying). [**DJIA: 9,171.61**]

April 1, 2010: "*Still* Attractive Stock Valuations": Stocks still attractive, some bonds are becoming fully valued, municipal bonds are still attractive, gold is unattractive. [DJIA: 10,927.07]

June, 6 2010: "Markets Are Simple – Don't be 'Crazy Old Men' [emotional stock traders]": Creative writing newsletter trying to explain, in yet another way, why we should not react to oft-crazy stock market price swings. [DJIA: 9,931.97]

November 11, 2010: "Weapons of Mass Poverty": (*revised edition published in "Advisor Perspectives"* January, 2011**)** It appears to me we need to throw traditional asset allocation models out the window (balanced portfolios *will never work*)… for these rules of thumb and **formulas of the financial advisory practice may actually be catalyzing the creation more frequent in severe asset bubbles of modern time** when theoretically, with unlimited access to information, there should be few to none. Bonds are overvalued, those at or near retirement could be facing a slow moving train wreck as their returns do not keep pace with taxes and/or inflation. **"Safe" investments are much riskier than most believe them to be**. The solution is to **invest more in stocks and preferred shares**. [DJIA: 11,175.17]

August, 8 2011: "Commentary on Recent Market Activity": Another reminder to not be emotional. This commentary placed the recent credit market downgrade of the USA into context of past historical events (Cuban Missile Crisis, World Wars I & II, September 11, 2001, etc). With the recent stock market sell-off due to the USA's credit downgrade (and the oddly perverse flight to buy US Treasuries, which drove down interest rates further) makes **stock valuations appear quite attractive** and removes much of the benefit of placing hedges.

The credit downgrade of the USA exemplified why, in my last newsletter, I stated "safe" investments were riskier than most perceived. There *could* be another big market sell-off to come but I think it is less likely than in 2008-9. Hopefully it will happen and give all of you a second chance at deals of a lifetime. [**DJIA: 10,809.85**]

October 10, 2011: "Investors Jump from Opportunity Into the Fire": Investors are dumping attractively-**priced stocks** and buying overvalued bonds. Why do investors keep making the same mistakes again and again? [**DJIA: 11,433.18**]

June, 2012: U.S. real estate presents perhaps the most compelling investment opportunity at this moment in time. Chinese real estate presents perhaps the biggest foreseeable danger to the world economy (and to Chinese one-party rule). A combined European debt and Chinese real estate meltdown is a definite possibility and would have extreme repercussions on financial markets worldwide. I encourage many of my clients to consider taking money from my managed accounts to buy more U.S. real estate *now*. I believe the real estate rally is for real – and may eventually surpass the highs I once vocally warned was a dangerous bubble. Today's economic reality is different, and it favors real estate and those holding debt (including well-run companies with real assets with manageable debt burdens that could benefit from rolling over debt at lower servicing costs), therefore world equities are at relatively attractive valuations (though with appreciable near-term risks), U.S. Treasury bonds and other "high quality"/"safe" fixed income investments are becoming substantially overpriced. Though there may be events to come that could continue to increase fixed income investment values, I believe that many investors best advised to take the higher "risk" with potential much higher reward prospects by emphasizing select real estate, equity, and hybrid investments..

IMPORTANT DISCLAIMERS:

Mr. Elliott does business under the name Elliott Asset Management.

This publication contains the current and past opinions of Mark Elliott and Elliott Asset Management and such opinions are subject to change without notice. This views and opinions and facts have been shared for educational and informational purposes only. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. **Past performance is not a guarantee or a reliable indicator of future results.** Investing in the markets is subject to certain risks including market, interest rate, issuer, credit and inflation risk; investments may be worth more or less than the original cost when redeemed. There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest long-term, especially during periods of downturn in the market. No part of this web site may be reproduced in any form, or referred to in any other publication, without express written permission of Mark Elliott or Elliott Asset Management.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RETURNS. ACCOUNTS CAN LOSE VALUE.