



The Polar Letter

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Since our last letter, monumental changes have occurred in the markets, changes which our regular readers were aware that we were expecting, although the velocity of the movements was a surprise, even to us. We have, privately, maintained for some time that the Dow Industrials would test the 7500 area, last Friday the industrials traded at 7880 before closing well off of that intra day low. This having occurred after the passage of long awaited bail out bill (we had better call this "Bailout #1"), as "Bailout #2" is presently in the works.

We feel that the present situation is significantly more perilous than even we had imagined. Please do not be tempted to buy at what you may think are bargain prices, or to average down. We feel there is still very significant, and as yet unknown, risk in both the traditional debt and equity markets, risk that will probably take years to work out. For example, consumer credit debt, commercial real estate, student loan debt and in our opinion, the very real risk of significant municipal debt default, possibly causing the failure of moiré financial institutions. On September 26th the Wall Street Journal's "Heard on the Street" column, was entitled "Bailout Only a (Needed) Band-Aid", we agree. We are a nation whose nearly entire financial system has been predicated upon the expectation that real estate valuations and equity portfolios would always rise. Not only have we subscribed to this belief for more than a decade, unfortunately, we have substantially leveraged it.

It is interesting to note that among all the chaos of the past few weeks, most all of our alternative investment programs have fared quite well, some hitting new all time highs, while none of our programs have significant year to date declines. Naturally, past performances are not necessarily indicative of future results. Please call us for details and documentation concerning these programs. Subsequent newsletters will contain some performance figures.

As always, please call us for suggestions concerning your personal investment needs and situation.

Please visit Polarinvest1.com – [President's Corner](#) for access to prior letters.

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Polar Investment Counsel Inc is a federally registered investment advisory firm and broker dealer, which manages customer accounts on a fee or commission basis. The firm's senior principal, Michael Jordan, has nearly thirty-five years of industry experience.

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