



# The Polar Letter

Issue September 08 - 11

---

The lead editorial in this morning's Wall Street Journal is titled, "**Bailout for Billionaires**" and addresses the manner in which Treasury Secretary Paulson structured (or perhaps failed to structure) the bailouts of Fannie Mae and Freddie Mac. Mr. Paulson decided to give a "free pass" to the subordinated debt holders of the two institutions (about fifteen billion dollars combined). WHY? And, who are these guys? Mr. Paulson's explanation was that this taxpayer support of the subordinated debt was necessary to reassure the holders of the senior debt. We find this explanation rather lame; certainly senior debt holders (such as the Chinese) understand their position. The fact of the matter is that under Mr. Paulson's plan, the subordinated debt holders will receive far better treatment than they deserve. Pimco's Bill Gross who manages the world's largest bond fund has been clamoring for weeks for a bailout, declined comment about his holdings as did Goldman Sachs where Mr. Paulson was previously employed.

We highly recommend the new documentary I.O.U.S.A. released last month which describes the nation's debit quagmire in layman's terms. For those receiving this letter electronically please visit: <http://www.iouathemovie.com/about/>.

## Markets:

We continue to avoid the equity markets and to expect lower prices in most sectors. With regard to fixed income portfolios we continue to recommend the purchase of only the highest quality short term instruments. We would, in many cases, avoid the purchase of annuities and insured municipal bonds because of our views concerning the financial health of the insurance industry in general.

Several of our alternative investment opportunities have shown strong performances in these troubled times. Legendary investor Jim Rogers spoke yesterday at a Palm Oil conference in Singapore and noted that the commodity bull market could last another ten years.

Please call us to discuss your portfolio. We can help you keep what you have worked so very hard to earn.

Please visit [Polarinvest1.com](http://Polarinvest1.com) – [President's Corner](#) for prior letters.

Michael C. Jordan  
President

## Polar Investment Counsel, Inc.

Member: FINRA, NFA, MSRB, SIPC  
Broker-Dealer / Investment Advisory  
Home Office: Thief River Falls MN 56701  
218.-681.7344 \* 218.681.1329 [fax]  
[www.polarinvest1.com](http://www.polarinvest1.com)

The views expressed above are those of Michael C. Jordan and not those of PICI nor necessarily those of PICI's independent contractors, brokers or advisors.