



The Polar Letter

Dated 1-13-2012

THREE PLUS DECADES OF LIVING BEYOND OUR MEANS

One of the great mistakes is to judge policies and programs by their intentions rather than their results

MILTON FRIEDMAN

Of late, numerous financial commentators, investment professionals and analysts have opined that the world's equity markets are oversold and undervalued at these levels.

We do not agree. Last November we expressed an opinion that "your wealth has probably never been in more danger." It has taken decades of reckless greed, irresponsibility, and mismanagement on all levels (governmental, regulatory, financial institutions, and indeed individual investors) to create this mess. We do not believe that this situation will be markedly improved in the course of the foreseeable future. Indeed, unbelievably, in our view, absolutely no meaningful political or regulatory steps have been taken to address the underlying problems. Instead, the government has embarked upon a series of so-called stimulus "adventures" to address matters beginning with what we referred to as "bailout number one" in an October 2008 letter. These stimulus and quantitative easing plans have been the "life support" of the equity markets and at a cost of additional trillions in federal debt, while doing nothing to stimulate the economy or job markets (except perhaps in the government sector).

Until this situation changes we are unlikely to see the equity markets as undervalued. We would be pleased to discuss our opinion with any of our readers either via email or telephonically

A handwritten signature in black ink, appearing to read "Michael C. Jordan". The signature is fluid and cursive.

Michael C. Jordan
President

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The firm's senior principal, Michael Jordan has nearly thirty-five years of industry experience.

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Home Office: Thief River Falls MN 56701 218.-681.7344 * 218.681.1329 [fax]
www.polarinvest1.com