

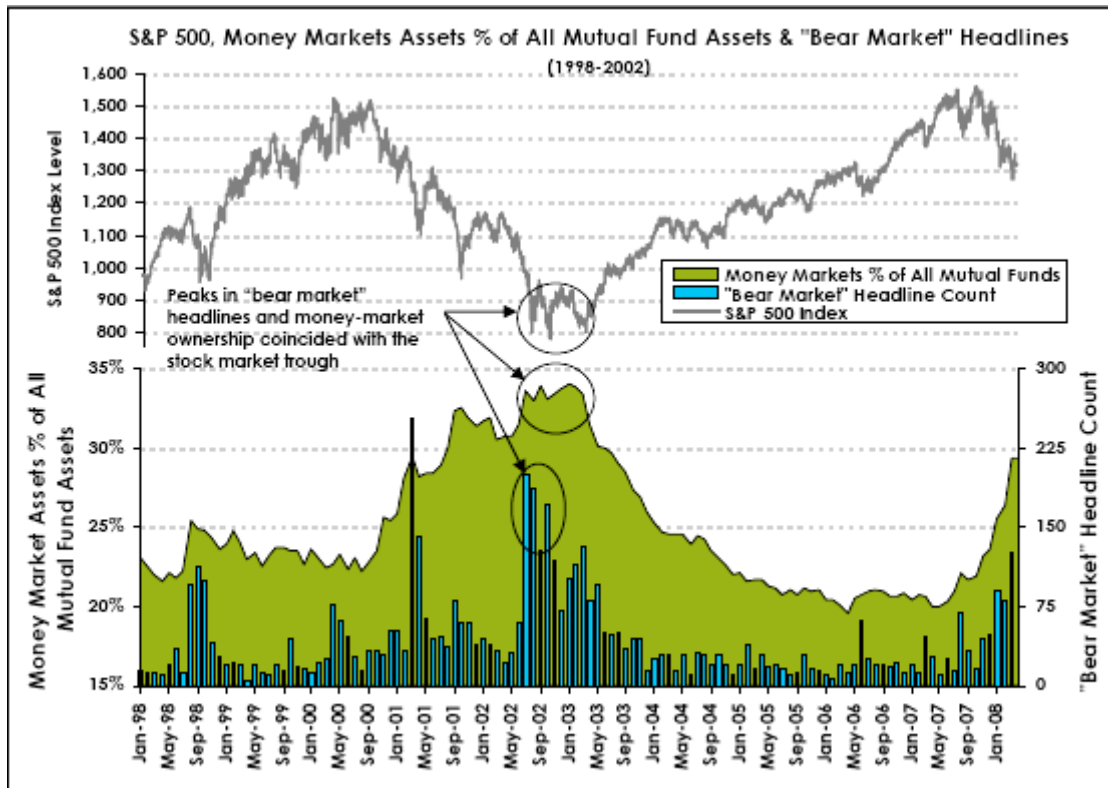


Stanton & Castleton, Inc.

An independent firm

Let's Review: Special Edition Newsletter.....09/15/08

Total Money Market Assets % of All Mutual Funds Assets & Bear Market Headlines:



Past performance is no guarantee of future results. It is not possible to invest directly in an index.
 Source: Lexis Nexis Strategic Insight, FMRCo (MARE) as of 3/31/2008

What is this? After a year of declining real estate, equity and bond markets many of you may be tired of hearing us counsel you to “stay the course”. When we look at account performance during this very volatile period our approach has proven itself. We are off less than the overall markets and comparable benchmarks. While this is what we want it may feel hollow since a decline is still the result. However, as we have mentioned often in the past, managing risk in negative markets will have the longest lasting and most meaningful impact on long term account values and total return. Saying something often does not make it any less true. The above chart shows how investors have behaved during very stressful markets.

In short, we see a **very large shift in assets into money market** as people become increasingly concerned. This has two effects; first something is often sold to increase cash (stocks, funds, bonds) which has the effect of further pressuring price declines. Second the large inflow into cash and short bonds drives the yield on these assets down. (13 week T-Bills @ .081% a/o 09-15-2008)

During the last year over \$1.2 Trillion Dollars flowed into worldwide money markets (source: www.ici.org/stats/latest/index.html). In the past when we have seen this kind of money flow, eventually those funds begin to redeploy into other investments once the markets and economy stabilize. In looking at the chart we can also see the opportunity created in these volatile periods. Having managed your risk well during the decline you have the ability to withstand the market turmoil and perhaps the resource to take advantage of the eventual recovery.

As we observed in past issues (energy prices have fallen 35% from the \$147 per barrel high in July 2008) we believe in the eventual regression to the mean. In the equities market the long term return for the S&P 500 total return index is 11.47% (01-31-1950 thru 08-31-2008 source: Thomson InvestmentView). This holds true in falling markets too...they should stabilize and continue forward, we just have to manage our risk and emotions during these stressful periods.

We can not predict the exact timing of market moves, we will leave this to fortune tellers and soothsayers, however we will watch the real events occurring around us and try to analyze how past periods with similar characteristics have played out. In our opinion the markets are becoming attractive and **more importantly the fuel (cash) is building** on the sidelines to drive the engine of recovery. The fear that grips group behavior and drives the herd often holds comfort...but in the end herd mentality sacrifices personal judgment and leaves its fate to chance. Running off a cliff is not a good idea even if a million buffalo ahead of you have already done so. If you run with the herd you may not see the cliff until it is too late! We elect to keep our own counsel and think outside the herd.

REPLAY: Just in case we are not being clear...we think in one or two years we will look back and see that the **Fall of 2008 was a great time to add to your investments or start investing**, so send us your bank CD's, IRAs we do not already manage...and pass our name along to the people you care about.

Bob Stanton, Branch manager / Registered Principal:

School has started and the younger boys are back into the swing...sort of. I am experiencing deja vu all over again...Me: "You boys have any homework? Need any help? Boys: "No...nothing" Me "Learn anything in school today?" Boys: "No...nothing" Me: "Really! You did not do anything in school." Boys: "Ahhh...I hate this...no, nothing." 4 hours later...Boys: "Mom! I need help to do the homework right now" (10:00pm). On the plus side I do get to watch Ethan and Cole play some football and baseball...from the stands now!

Ron Castleton, Branch manager / Registered Principal:

Like Bob, Sunny and I have the thrill of getting all the boys back to school, however in our case we also get to make an emergency trip to Ca Poly SLO so our son can have a bed to sleep on since he "forgot" to bring his old one home before summer. At least we got a nice road trip out of it and Ari came with us to check out college life (bored him to tears). Back to work in the salt mines...

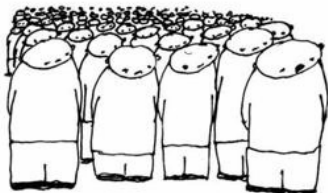
Charity Van Horn, Client Service Manager:

My Obama bumper sticker was "removed" from my car! The primary suspect was Bob, but he had an alibi! Ron bought Bob a McCain coffee cup and got me an Obama coffee cup when he was in D.C. so the office is well represented. It is really nice to work where competing ideas can still get along...

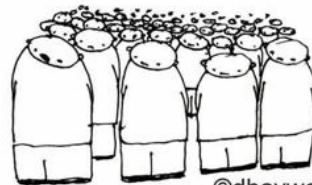
Bye

This month "Financial Topic": One more cartoon!

Come, follow us,
for we are the herd!



NO! For we are the
ones who refuse
to follow the herd!



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“In the end, how your investments behave is much less important than how you behave.”

**Benjamin Graham
The Intelligent Investor**

The Numbers:

Closing Values – monthly change / 09-15-2008

DOLLAR	stronger	NASDAQ	2,179.91	-169.61
10-YR YIELD	3.48 %	S&P 500	1,192.70	-90.13
VOLUME	1,799,089,700	DJIA	10,917.51	-626.04

Numbers Provided by Standard & Poor's

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(Referral Hotline: 877-975-0955)

M³

Manage.....Monitor.....Maintain

For a more in depth discussion on our services and approach to asset management...or if you would like to read past issues of our newsletter just click this link:

<http://tinyurl.com/65vypu>