

Observations Regarding a Historical Two Weeks

September 19, 2008

The last two weeks have truly been historical weeks in the financial markets. It is likely that many books will be written regarding the past few weeks and business schools will be studying the events for decades. We certainly don't know all the long term consequences of what has occurred, but it's likely we will feel the effects for years. We at Advised Assets Group, LLC (AAG), have prepared the following answers to address some of the questions being asked at this point regarding recent events and what actions, if any, participants might consider at this point.

Q. Can you summarize some of the more notable events of the last two weeks?

1. On September 7, the Department of Treasury (Treasury) placed Fannie Mae and Freddie Mac into conservatorship.
2. On September 15, Lehman Brothers Holdings filed for Chapter 11 bankruptcy.
3. On September 15, Bank of America agreed to purchase (subject to approval by federal regulators and shareholders of both companies) Merrill Lynch.
4. On the night of September 16, the Federal Reserve Bank of New York agreed to loan up to \$85 billion to AIG.
5. On September 19, Treasury Secretary Henry Paulson established a temporary guaranty program for the US. Money Market industry. Further, he said that he will be working with Congress over the weekend and into next week to address the bad mortgage loans being held by many financial institutions.

Q. What has caused all this turmoil?

In the words of Treasury Secretary Paulson, "The underlying weakness in our financial system today is the illiquid mortgage assets that have lost value as the housing correction has proceeded."* The actions of Treasury over the past two weeks are motivated by a desire to stabilize the world financial markets and to begin the process that will lead to a recovery of the U.S. housing markets.

Q. With all the turmoil, does AAG have an opinion as to when the stock market may rebound?

Picking a market bottom is notoriously difficult to do. We would only observe that historically the stock market often rebounds sharply from bear markets. Looking back, some of the best times to be in the stock market have been at the point of maximum pessimism. It's still too early to tell if we have reached that point as of yet, but it is something that investors should keep in mind.

Q. Do you have any other observations regarding how I should invest my money?

While everyone's situation is different, we do advocate a long term view of investing and recommend investors stay well diversified and establish an asset allocation strategy that is appropriate to their individual circumstances. We also suggest periodic rebalancing of your retirement assets in order to buy securities that are now less expensive and sell securities that have risen in value. Generally speaking, emotions and overreactions to current events usually have a negative impact on the long term health of your portfolio.

Q. Can AAG and Great-West provide asset allocation assistance that would help me with my account?

Yes. Many plans have access to Great-West Retirement Services[®], Reality Investing[®] suite of services, offered by AAG. These services range from Online Investment Guidance to our Managed Account services that provide ongoing professional asset management at an individual level. You can find out more regarding these services by assessing your account on line or calling (800) 888-4952.

* Information derived from a variety of financial publications and economic reporting companies, including the Wall Street Journal, Moody's, S&P, CNNMoney, etc.

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