Continuum Global Asset Mgt., LLC

September 2009

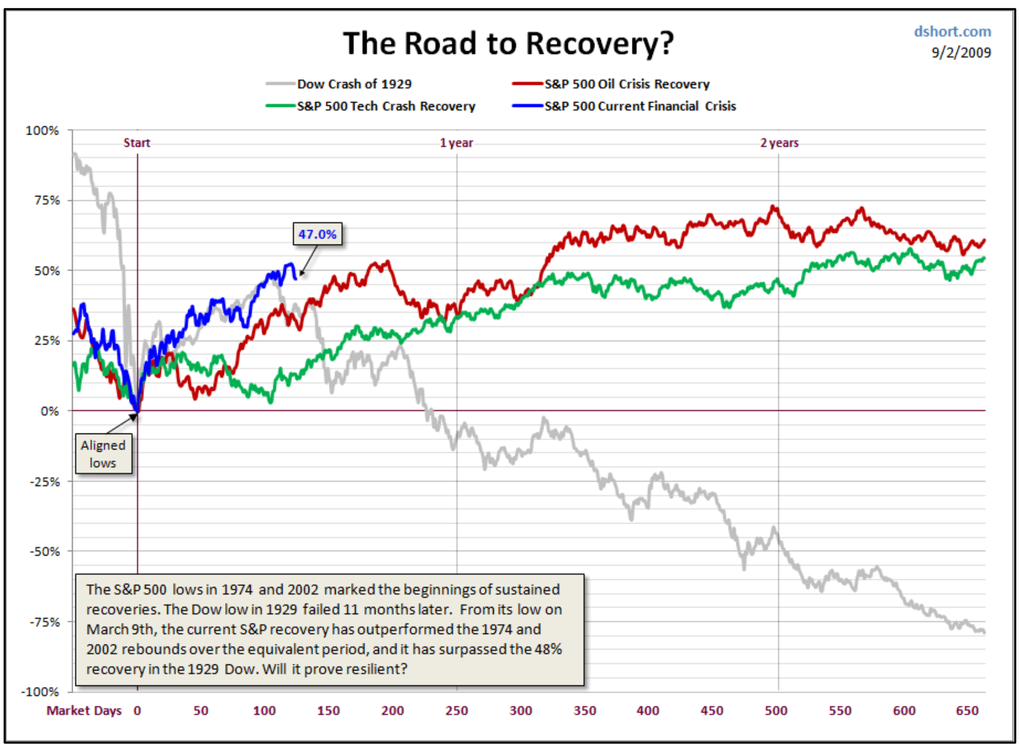
Newsletter

The market has done exceptionally well over the last six months. Since the low of March 9th most broad based indexes have gained in excess of 45%. This is a classic case of investor sentiment turn around. The economic conditions have obviously improved, but the gains in the market can be summed up in the following phrase:

"Good news has been magnified and bad news ignored"…Is that enough for The Road to Recovery?

We can go on about the various economic indicators and make a bullish case about the markets. On the other hand, one can not and should not believe that markets go up or down in a straight line. Chart 1 is a representation of the major market declines in the past eight decades, followed by subsequent gains as the US economy recovered. Of the four scenarios considered, the recovery of capital markets following the respective recessions proved economically fruitful with the exception of 1929. Despite the healthy gains, the market movement illustrated by the red and the green lines (signifying the 1974 oil crisis and the 2000 dot com bust respectively) clearly show that there were interim corrections in the range of 5-10% within the secular bullish phase that lasted for over 2 years, subsequent to market bottoms.

Chart 1



Source: http://dshort.com/

As mentioned in our previous Newsletters, we believe that improvement in the real estate sector is a crucial element in the overall economic recovery. Even though there are other indicators which include inflation, current cost of capital (interest rates) etc., that are important, we would like to focus on unemployment and consumer confidence in this issue.

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It can be clearly observed in Chart 2 that jobless claims have been improving over the last 4-5 months. Even though unemployment is at approximately 9.5%, we believe that this variable will continue to improve as we move away from severe layoffs in the auto and housing sector. In addition, we can observe from Chart 3 that Consumer Confidence is also improving. We believe that this is attributable to low inflation and to a certain extent, improving capital market conditions.

Chart 2[1]

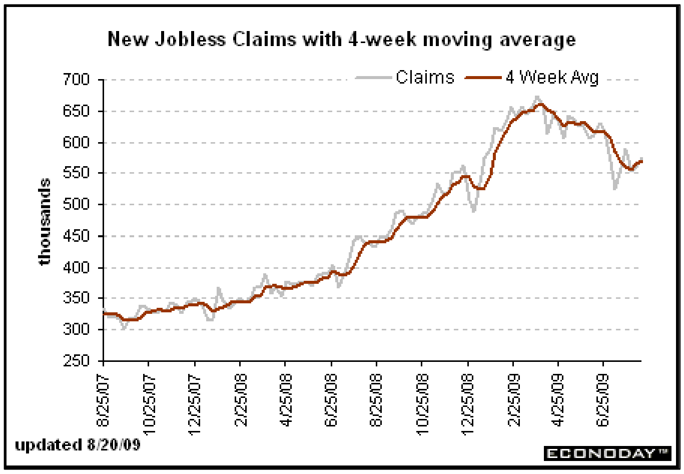
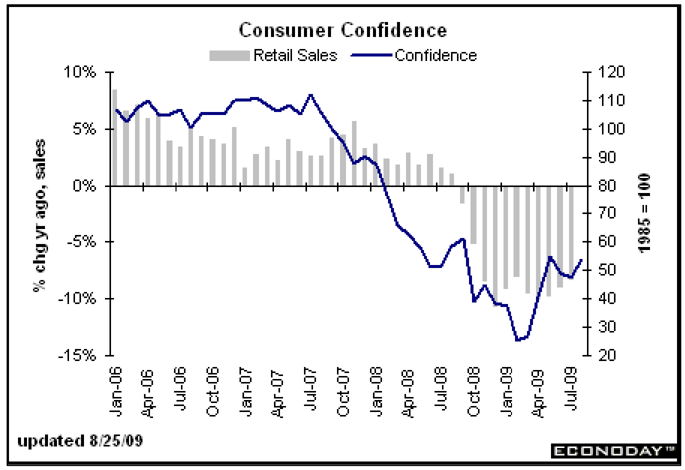


Chart 3



We believe that consumer confidence is one of the most impactful variables and has a self fulfilling dimension attached to it. In other words, the confidence level of investors and consumers catalyses an environment of higher consumption which in turn is favorable to the capital markets. A favorable market environment helps fuel consumer confidence and this as we mentioned is a self fulfilling cycle untill we reach a bubble.

Despite the positive direction in the fundamental economic variables, we believe that the market has shown interim corrections in the range of 5-7% during secular bull markets. We have mentioned in our market commentary (published at http://cgamadvisor.com/Market Commentary) that there could be short term corrections, which are mostly a function of profit taking, increasing short positions and over-valuation. We would therefore encourage investors to be cautious in the near term and dollar cost average into securities with an 18-24 month time horizon.

Due to our stance on the markets currently, we are not recommending any new additions to the portfolio in this issue. We would however publish recommendations during the middle of the month based on announcement of crucial economic indicators. In the interim we encourage harnessing partial profits on companies that have gained double digit returns. Each investor needs to re-evaluate their respective portfolios and time horizon to make a sound decision in this regard.

[1] Source Chart 2 & 3 : www.Bloomberg.com

Table 1 illustrates the change in U.S. broad based equity indexes since the beginning of the year 2009. This is followed by the performance of the recommendations CGAM has provided via the monthly newsletters for the same time frame.

Table 1[1]

Broad Based US Indexes	Dec 31st, 2008	Aug 31st, 2009	Gain/Loss (%)
Dow Jones Industrial Average	8,776.00	9,496.28	8.21%
NASDAQ COMPOSITE	1,577.00	2,009.06	27.40%
S&P 500 INDEX	903.00	1,020.62	13.03%
RUSSELL 2000 INDEX	499.51	572.07	14.53%
Average Index Return			15.79%
CGAM Recommendations Since December 31st, 2008	Security Price at Recommendation Date ($)	August 31st, 2009 Value ($)	Gain/Loss (%)
UltraShort 7-10 Year Treasury ProShares	52.66	46.43	-11.83%
Blackrock Corporate High Yield Fund Inc	4.08	6.02	47.55%
Eaton Vance CA Municipal Inc Trust (Sell Recommendations July 2009)	7.99	10.12	26.66%
Western Asset Managed Municipals Fund Inc	9.40	11.75	25.00%
Boulder Growth & Income Fund Inc	4.47	5.27	17.90%
Ultra Financials ProShares	3.28	5.72	74.39%
CGM Focus	25.56	26.85	5.05%
Bank of America Corp	6.82	17.59	157.92%
Caterpillar Inc	27.96	45.35	62.20%
Corning Inc	14.62	15.08	3.15%
Manitowoc Co Inc	5.95	6.64	11.60%
E TRADE Financial Corp	1.44	1.76	22.22%
Blue Nile Inc (Recommendations: Sell Short)	45.9	55.38	-20.65%
Wendys/Arbys Group Ord Shs Class A	4.00	5.04	26.00%
Foster Wheeler Ltd	23.10	28.95	25.32%
Akamai Technologies Inc	16.44	17.64	7.30%
Average Return (Excluding dividends and interest)			29.99%

Each investor is unique and should invest to compliment their respective financial circumstances and objectives. Please consult your investment advisor before investing in any securities mentioned in this or previous Newsletters.

[1] *Source: CGAM, LLC., www.fidelity.com*

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