Continuum Global Asset Mgt., LLC

July 2009

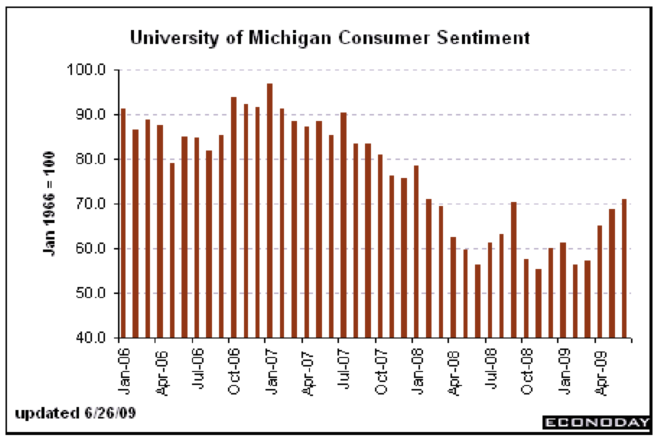
Newsletter

We are convinced that investor sentiment or consumer confidence plays a large role in the movement of capital markets. Even though the fundamentals of the economy drive prices of various securities, in extreme situations the magnitude of investor sentiment can weigh positively or negatively on economic fundamentals which can in turn impact how consumers spend or save; a self fulfilling prophesy.

This issue of our Newsletter concentrates on the current valuation of the market and the factors related to consumer behavior that we believe would have a major impact on the future of the US capital markets.

1) **Consumer Confidence**
2) **Unemployment, Housing Market and Delinquincies**
3) **Inflation**
4) **Interest Rates & Liquidity**

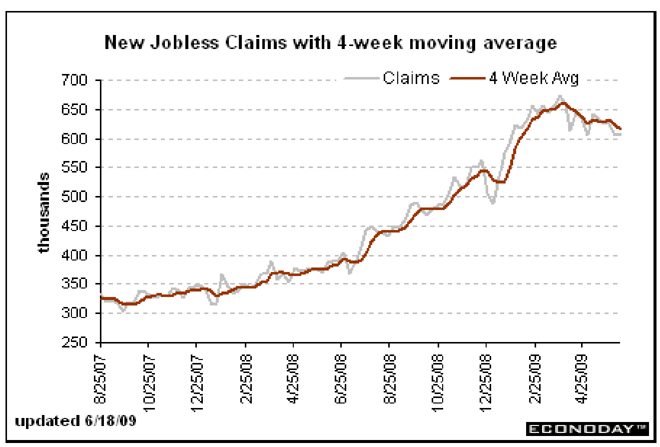
Chart 1[1]



Consumer Confidence: Favorable

1. It can be observed that consumer confidence declined significantly in October and November of 2008 and again in March 2009.
2. During this time, the S&P 500 moved from 800 level in October 2008 down to 672 in March 2009.
3. In our December 2008 issue, we had estimated the S&P 500's fair value be approximately 860-870 for the next 12 months. Obviously the index deviated both on the downside and on the upside in the matter of six months and currently stands at 910.
4. Consumers were shell shocked under the Armageddon scenario as market (S&P 500) tested its lowest level in over a decade on March 9th 2009. Since then consumer confidence seems to have improved (Chart 1) with major government intervention and increased liquidity.

Chart 2[1]



Unemployment, Housing Market and Delinquincies: Neutral

1. Even though unemployment is a lagging indicator, it's importance can not be ignored. Domestic consumption and housing delinquincies can only improve if the unemployment conditions improve.
2. It can be observed in Chart 2 that unemployment rate over the last six months seems to have stabalized, even though short term statistics can be misleading.
3. Unemployment during the last four major recessions (shown in Chart 3, page 2) over the last three decades reached a maximum of 10-11%.
4. We believe that majority of layoffs in the area of construction, industrials and the financial sector have already taken place. The employment scenario should improve by year end, despite wage pressure per labor hour.

[1] Data Source for Chart 1 & 2: www.bloomberg.com

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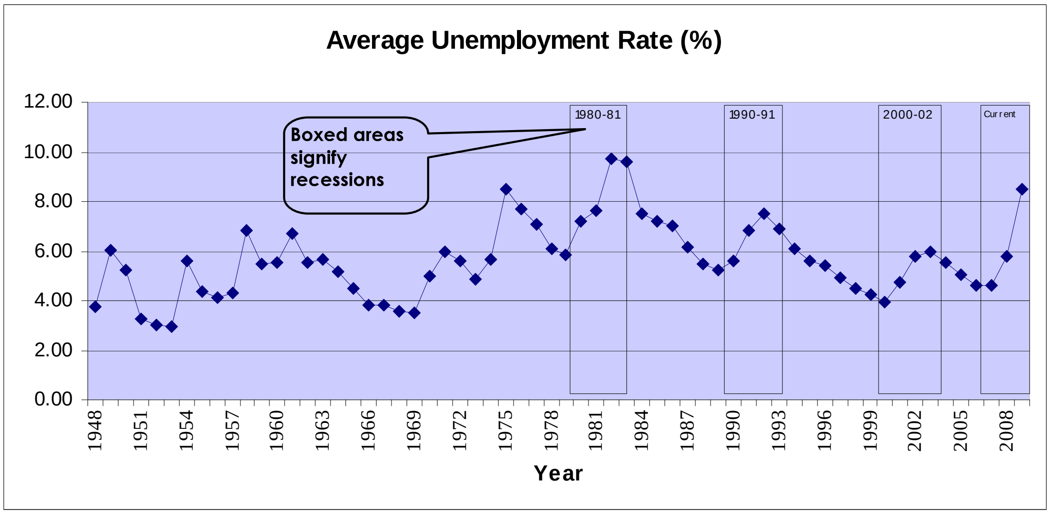
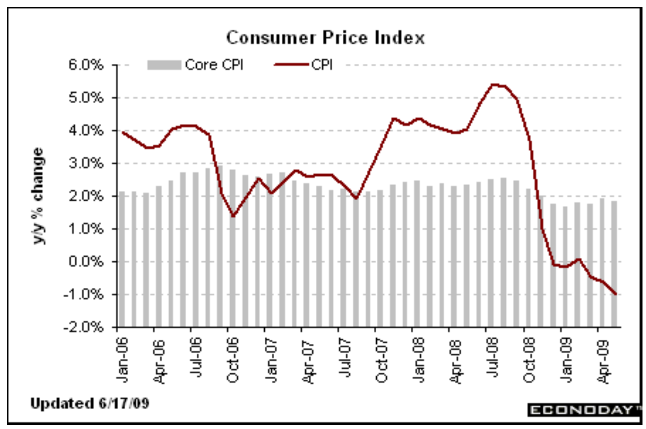
Chart 3



Inflation: Favorable

1. As mentioned in our May 2009 issue, we do not believe that inflation will be a threat to economic growth for the next 9-12 months.
2. Enhanced global productivity, the increase in US savings rate and a relatively high unemployment will keep inflation in check for the foreseeable future.
3. The adoption of innovative technology and established processes in various industries is pushing global labor per capita production higher, especially in emerging countries like India and China.
4. It can be clearly observed in Chart 4 that Consumer Price Index (CPI) a gauge of inflation has been trending down since the beginning of the year. A major reason for this trend in our view has been the decline in oil prices since mid 2008.

Chart 4



Interest Rates and Liquidity :Favorable

1. Federal Fund rate is currently set between 0-0.25% by the Federal government. Low rates translate into low cost of capital hence catalyzing economic growth.
2. The 10 year US Treasury bond's yield has increased from 2.5% at the beginning of the year to approximately 3.5% currently, which increases the cost of capital.
3. We believe that as the economy stabilizes, global investors will continue to invest in US treasuries, controlling yields at reasonable levels and in turn controlling cost of capital.
4. In addition, the federal governmet has been buying back treasuries to contain cost of capital. We therefore believe that the Fed fund rates should stay at low levels till the time the economy shows fairly healthy signs of recovery.
5. It can be observed from the adjacent Chart 5 that the money market assets at various US brokerages is at a high level from a historical perspective. Technically, this is a favorable indicator which should bolster the markets during intermediate corrections.

Chart 5

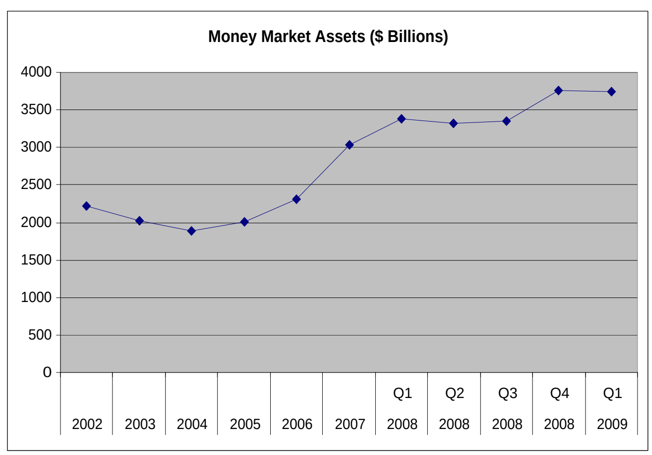


Chart 3 & 5 Source: CGAM, LLC, Chart 4 www.bloomberg.com

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Inferences

1. Consumer Confidence: We believe that relatively low oil prices (favorable CPI) and expectation of economic stability has attributed to improving consumer confidence.
2. Inflation:We believe that inflation will be subdued for the next 12-15 months.
3. Unemployment: A high level of unemployment could be a major detriment to economic rebound but we believe that unemploymet will stabilize at 10-11% rate and will start to decline by year end.
4. The S&P 500 is trading at 13.4-13.5 forward Price earnings ratio based on an earnings estimate of $65, which is an 18-20% growth over the next 12 months.
   a. We believe that the index is trading at reasonable levels with little growth opportunity for the next 1-2 quarters.
   b. This doesn't mean that there are no opportunities in domestic or global markets. We would ecourage active investment style in this environment of relatively higher volitility.
5. We recommend considering high growth and low labor cost countries like Brazil, India, Indonesia, South Africa (Frontier Markets) for longer term investors. These area will experince relatively higher growth compared to the US and Europe.

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[3]

Broad Based US Indexes	Dec 31st, 2008	June 30th, 2009	Gain/Loss Year to Date (%)
Dow Jones Industrial Average	8,776.00	8,447.00	-3.75%
NASDAQ COMPOSITE	1,577.00	1,835.04	16.36%
S&P 500 INDEX	903.00	919.32	1.81%
RUSSELL 2000 INDEX	499.51	508.28	1.76%
Average Return			4.04%

Recommended Security Description	Cost ($) as Date of Recommendation	June 30th, 2009	Gain/Loss[4] Year to Date (%)
UltraShort 7-10 Year Treasury ProShares (PST)	52.66	$56.67	7.61%
Blackrock Corporate High Yield Fund Inc (COY)	4.08	$5.30	29.90%
Eaton Vance California Municipal Income Trust (CEV)	7.99	$10.17	27.28%
Western Asset Managed Municipals Fund Inc (MMU)	9.40	$11.10	18.09%
Boulder Growth & Income Fund Inc (BIF)	4.47	$4.60	2.91%
Ultra Financials ProShares (UYG)	3.28	$3.90	18.90%
CGM Focus (CGMFX)	25.56	$25.25	-1.21%
Bank of America Corp (BAC)	6.82	$13.05	91.35%
Caterpillar Inc (CAT)	27.96	$33.19	18.71%
Corning Inc (GLW)	14.62	$15.58	6.57%
Manitowoc Co Inc (MTW)	5.95	$5.45	-8.40%
E TRADE Financial Corp (ETFC)	1.44	$1.35	-6.25%
Blue Nile Inc (Short Position) (NILE)	45.90	$42.47	7.47%
Average Return Since January 2009			**16.38%**

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

[4] *Note: Total return for the CGAM portfolio does not include dividends and interest.*

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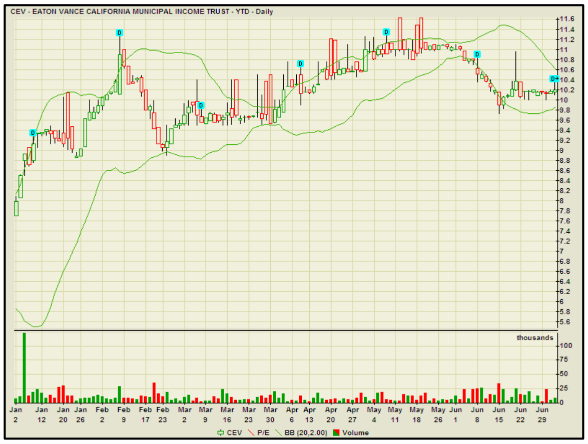
Investment Themes

Wendy's/Arby's (WEN)[5]: $4.00 as of June 30th, 2009. **BUY**

1. Wendy's and Arby's belong to the parent company Wendy's International, serving the US fast food consumer with over 6,600 restaurants.
2. 52 week High and Low: $6.90-$2.63.
3. The company generates almost $2.4 billion in annual revenues and is expected to earn 28 cents per share in earnings by 2010.
4. Mr. Nelson Peltz, the multi billionaire investor owns 22% of Wendy's through his Tiran Fund LP.
5. We believe that based on the fast food investment experience and activist nature of Mr. Nelson Peltz, Wendy's management will be able to execute its progressive business model with economic fruition. One of the major endeavors is to enhance its breakfast menu which is currently a major part of McDonald's and Burger King's revenues.
6. The company raised $565 million in unsecured debt in June 2009. This will primarily be used to payoff existing debt of approx. $135 million and use the rest to restructure the company and open over 1,000 new restaurants.
7. We believe that the company stock should reach a target of $7-8 by 2011.
8. This is purely an aggressive investment idea and is meant for investors looking to undertake high risk with a turnaround situation.

Eaton Vance California Municipal Income Trust (CEV): SELL
$10.12 as of June 30th, 2009



1. We recommend taking profits and liquidating Eaton Vance CA Muni Income Trust from the recommended list.
2. We had recommended investing in CEV at the price of $7.99 with a yield of 8.69% at the beginning of January 2009. Since our recommendation, the fund has gained 27% in value in addition to the dividend yield.
3. Currently, we are not comfortable with the California budget situation and can forsee losses in value of funds invested in lower grade California bonds.
4. This is a bottom up view of the state of California. We continue to encourage investors to invest in national municipal bonds/bond funds.

Each investor is unique and should invest to compliment their respective financial conditions and objectives.

[5] *Source: Charts and quotes from www.fidelity.com*

Please review the following disclaimer

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