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From: Bob Kargenian [mailto:bkargenian@tabr.net]

Sent: Tuesday, February 24, 2009 10:29 AM

To: bkargenian@tabr.net

Subject: TABR Interim Update/SAVE THE DATE Wednesday March 4

TO: All clients and interested parties

FROM: Bob Kargenian

Before I get to the new lows in the stock market, we are once again hosting a Webinar to address The State of the Markets, and to answer any questions you may have. It is scheduled for next Wednesday, **March 4 at 3 pm Pacific time**. It will last no more than 45 minutes, with at least 20 minutes reserved for your questions. All you need is your computer and your phone. Log on instructions will be provided next Monday and again as a reminder on Wednesday.

New Lows in Stocks/What are We Doing?

Before answering the above, I first want to excerpt a paragraph from our November 22, 2008 monthly update:

"If correct, it appears that stocks are completing the third wave down from October 2007 now, which would be followed by a rally, probably to the 1000-1050 level on the S&P 500, which simply corresponds with the peak levels around Election Day. From Friday's lows though, that would be a 33% move. This rally would then be followed by a final decline to new lows, sometime next year. I want to stress this is all conjecture, but it fits with other evidence that stocks are in a bottoming process. That process could easily last until the summer of 2009, based on past history."

Second, here is another excerpt from our December 18, 2008 monthly update:

"So, the tone is certainly better over the near term, and given that December is one of the best months of the year seasonally, I would expect the market to be OK the rest of this month. However, as I have written in earlier communications, when a decline goes as deep as this one has, markets typically do not make a V bottom, and one or more tests of the lows occur over a period of several months, and it is even possible to see new lows below the levels of November 20 (752 on the S&P 500 and 7552 for the Dow Industrials). **From an expectations standpoint, investors should not be surprised if this happens.** Though less probable, it is also possible that the worst levels have already been seen. Only future market action will tell us."

Well, the market has spoken and new lows have occurred in the Dow Industrials, Dow Transports, Dow Utilities, NY Composite and S&P 500 Index. Now what? The decline APPEARS to be in its final stages, but targeting a bottom is very difficult to do. However, with today's low, Selling is more selective based on the looming positive divergence in the number of stocks making new lows:

	Nov. 20, 2008	Feb. 23, 2009
S&P 500 Index close	752	743
# of NY new lows	1800	422

For all I know, the S&P 500 may go as low as 650 or 700 on this move, but with the McClellan Oscillator (a measure of the advance/decline line) at -368, stocks are very compressed, and when they turn up, the move is likely to be huge. I should also note something of interest--though

stocks are at new lows today, and below their levels of November 20, the TABR Moderate Risk account is over 7% above its November 20 value, and Conservative accounts are over 5% above their November 20 value. The only reason I do not mention our Aggressive accounts is because we do not have a model account with fees being debited to refer to. The bottom line is, we have managed to earn positive returns the past three months while stocks have made new lows.

In the past week, we have trimmed our position in gold stocks (Van Eck) back to about its original position taken in mid-November. Look at the comment from our December 18 monthly update regarding gold:

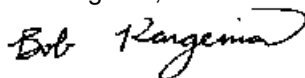
"I noted in Monday's brief update on the So. Calif. fires that our second gold stock model had just given a BUY signal, after successfully sitting on the sidelines all year. We in essence more than doubled our positions this past Monday, and after losing 10% in just three days, gold stocks soared over 21.5% yesterday. We couldn't have predicted that--we are just following our process. As I wrote a few weeks ago, forced selling and fear have driven gold stock valuations to unprecedented lows, and the probability of the XAU Gold Index gaining over 100% from its lows in the 65-70 level in the next year are quite plausible."

Well, the XAU Gold Index has already doubled from its lows in 3 months, and with sentiment now showing everyone loves gold, this is the time to take some chips off the table. Our position in Van Eck has gained 65%, and we've cut back allocations to about 1.5% in the Conservative account, 2.5% in Moderate and 3.5% in Aggressive. Longer term, we are still positive, and I should add that Hussman Strategic Total Return has a 12% allocation in precious metals shares, so we actually have additional exposure through that holding.

Also last week, we eliminated our approximate 2% position in Real Estate, via the IYR (Dow Jones Real Estate Index). Bottom line, our model went negative after less than 3 months. Shares were purchased in the 33.70 to 34.30 range, and sold just above 26 for an approximate 24% loss. The trades in both gold and real estate are examples of the discipline we use, one being a positive result and the other a negative one. In every instance, we have an exit plan.

Regarding stock market exposure, allocations remain at about 34% out of a maximum 100. This means that our Moderate Risk accounts, for example, have about 22% of the TOTAL account exposed to stocks. More on this subject in next week's Webinar. If we get what we consider to be a confirmed low and upturn, you may see our allocations edge up to the 40% range or a bit higher.

Best regards,



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