The Wall Street Wish List

Edition #5

By Brady Willett & Todd Alway

Wish List 2005. July 8, 2005

The flagship Wish List report is released around December 26th of each year. Quarterly reports are structured in three distinct segments:

1) Review and outlook for the economy and stock markets.
2) Review and outlook for Wish List related companies.
3) Specific findings (i.e. new industries covered, new companies being monitored, and/or general market commentary).

Part I - First Quarter Review

Homes are where the heart (of the US economy) is

History suggests that economic and stock market activity tends to oscillate from periods of boom to periods of bust. And while some business cycle theories provide a better understanding than others of why capital 'malinvestments' create unsustainable booms, all theories nonetheless fail when it comes to forecasting cycle turning points beforehand. Quite frankly, even though each 'boom' carries with it a similar feel to previous booms - as does each bust - there is a unique set of paddles and anchors that propel and eventually bring each cycle to an abrupt stop.

It goes without saying that the paddles pushing the US economy forward over the last 2 years have been manned by Fed Chairman Greenspan and President Bush (the stimulus actions backed by these two men to avert economic slowdown would be worthy of further elaboration if it were not for the fact that they are already a part of folklore). Even so, to credit fiscal and monetary stimulus actions as the sole driver of the current 'boom' would be remiss. Other forces have clearly been at play.

Blurry as the historical record can sometimes be, the 'other forces' at play since 2001 are crystal clear: the US housing market. To be sure, the strong US housing market has allowed the US consumer to repeatedly treat their escalating home equity position as a debit card (some would say credit card), and allowed the US economy to grow in the face of a historically weak recovery in jobs and wages. During the second quarter of 2005, talk of a housing bubble reached the front pages of countless investment magazines. And yet the very indictor that is supposed to forecast housing prices - long-term interest rates – has not shown any sign of rising. Can anything slow the US housing market?

In a word – yes; be it a rise in mortgage rates, softness in incomes, or an eventual oversupply of home sellers, something will, eventually, slow the unremitting rise in US housing prices. However, exactly when the peak in housing will arrive no one really knows.

What Came First?

What we do know is that the US housing market boom is one without precedent, not necessarily because of the rise in home prices per se, but because of the outsized impact home refinancing has had on the US economy. Astonishingly, the boom in home refinancings – wherein owners try to take advantage of not only lower interest rates but a rising home price - has shown no sign of stopping. In fact, in the second quarter it was announced that the percentage of mortgages refinanced for higher amounts was at the highest level since the fourth quarter of 2000.

"In the first quarter of 2005, 64 percent of Freddie Mac-owned loans that were refinanced resulted in new mortgages with loan amounts that were at least five percent higher than the original mortgage balances". Freddie Mac's quarterly refinance review

Ignoring the mania like run-up in home prices, potentially dangerous lending practices, and wild borrowing habits of increasingly confident homeowners, the bubble believers offer myopic words of wisdom. For example, Union Bank of California economist, Keitaro Matsuda, recently said in a research report that:

"California is not where the big correction is likely to occur. How do I know that? Well, all recent housing crashes happened when a large number of jobs disappeared in local markets. The Golden State now enjoys strong job growth, stronger than the rest of the country. Jobs are being created in all regions of the state. When people are employed and their income is rising, nominal home price corrections are possible but not likely."

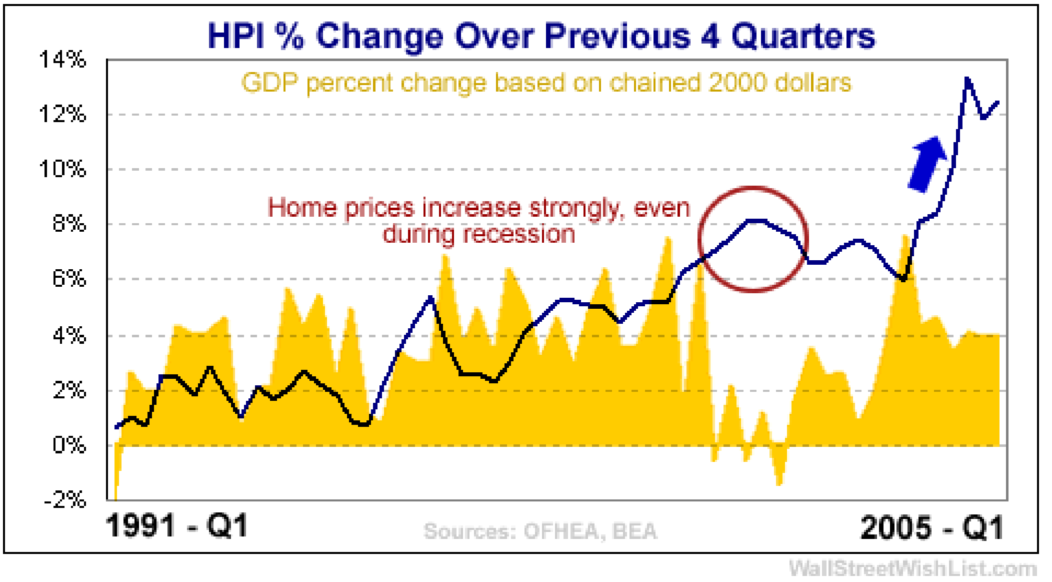
What Mr. Matsuda conveniently neglected to mention in his report is that California is enjoying stronger than average jobs growth largely because of the State's stronger than average home price boom. UCLA's Anderson Forecast estimated that with the average California home rising by $175,000 from 2001-2004 Californians "have been essentially given a 30 percent-plus boost to their annual incomes". Anderson forecast also noted that nearly 50% of the new jobs created in California since the recession have been directly related to the housing market.

As remarkable as the California experience is it is being repeated, albeit to a lesser extent, on a national scale, and forecasting an end to the good times is not an easy proposition. For example, in a March 2004 report Freddie latched onto the idea that strong local economies will perpetuate a rise in housing prices regardless of valuations:

"Home values are driven by local economic conditions, not a valuation bubble; local markets with a strong economy will continue to enjoy house price growth above the national average, while weak economies will also experience weak house price performance."

That Freddie believes that economic activity on a localized level controls housing prices is hardly noteworthy. However, a couple of sentences prior to the above quote Freddie admitted that *"Home value growth has played an important role in mitigating the effects of the 2001 US economic recession and sustaining subsequent economic growth."*

Think about this for a second: home values are driven by economic conditions, and economic conditions have, at least since 2001, been largely driven by home value growth. No need for any chicken/egg pondering here: escalating home values came before the 'strong economy'.



Our intent is not to start a housing bubble check list and argue that a blow-up is imminent. Quite frankly, this has been done before (starting with Baker, 2002), and by parties that have greater resources than us (Economist.com, Shiller). No, for our purposes some simple logic will suffice:

The historical fundamentals suggest that housing prices tend to oscillate around trends in personal income, inflation, and rents. That there has been a dramatic disconnect in recent years between home prices and everything else leads to only one conclusion: **bubble.**

Despite what Fannie or anyone else claims, home prices will, eventually, reflect the fundamentals. Until then we liken the US and global housing boom to that of a hot new industry. New and exciting industries inevitably see an influx of competitors early on, or before distribution channels are solidified, brand loyalty is built, and/or a competitive advantage is acquired. This was the case during the 1920s (in autos), the 1950/60s (snowmobiles), and in the 1990s (internet). However, the end result of increases in competition – before the industry leaders come to the fore - is a brutal period wherein competitors fight for survival and only a few are left holding share. GM produces cars today, Polaris is a prominent snowmobile manufacturer, and Yahoo is still an internet force. Thousands of other automobile, snowmobile, and internet enterprises have simply vanished.

Is the housing market any different than the automobile market of the 1920s? Will thousands of new real estate investors simply vanish once the competitive landscape of real estate speculation reaches maximum capacity? Many say no, and instead argue that since land is finite and people need a place to live that home prices will never decline. Moreover, the bubble faithful contend that barriers on entry for real estate speculators in fact exist; that trying to buy land, build a house, or flip real estate is impractical for most people. Amazingly, these arguments rhyme with the 'this time it is different' ideologies running rampant during the 1990s stock market mania.

The facts are as follows: the NREIA says that real estate investment clubs have grown fourfold since 2002, the NAR estimates that 23% of total home sales were done for investment purposes in 2004, and there is anecdotal evidence to strongly suggest that in the first 6-months of 2005 a plethora of new real estate speculators have arrived on the scene. So much for the barriers of entry argument. As for the land is finite case, Japan is one of the most densely populated places in the world, and Japan's property prices have dropped for 14-years in a row.

Finally, consider this: a RealtyTimes author has said, *"The long-predicted cooling-off of home price appreciation is underway, but there are no signs of a meltdown…"* This quote was made more than 3-

years ago. We may not be able to pinpoint the exact turning point in the US housing market, but we fear that it is extremely close.

The Bubbles That Bind

Our basic speculation is that the long awaited US slowdown is upon us. Keep in mind that we thought the same thing in 2004 and we were wrong.

Our hesitation in offering a strict forecast leading into 3Q05 comes from a bewildering set of contradictions in the marketplace.

1. After cleaning up their balance sheets in recent years S&P 500 companies are sitting on a record amount of cash, but earnings growth estimates heading into the 2Q05 reporting season are as weak as they have been in two years

2 The yield curve is flattening as the Fed continues to tighten, but banks continue to loosen lending standards.

3. Commodity prices are showing signs of a top (Baltic Index, Steel prices), but oil remains near record highs.

Along with the above contradictions in the marketplace, the unpredictable items of interest remain US asset prices and, more specifically, foreign demand for US assets. With Bretton Woods II showing little sign of cracking a further increase in US asset prices is not out of the realm of possibility.

Steadfast bears would no doubt argue that the day of reckoning is near; that our waffling is proof that we have been taken in by the most alluring credit boom in history. Perhaps. But perhaps also we are being honest enough to admit that since US asset prices have not followed any script for some time that forecasting the direction of US asset prices in the near term is fruitless. Longer-term we are cavern dwellers, unwilling to follow the herd into the hot sector or into real estate. However, in the short term we are fully cognizant of the fact that US asset prices have defied the historical record before, and may be able to so for some time again.

In sum, asset prices will do unpredictable things. It is up to the investor to decide for themselves how much risk they are willing to accept with each investment decision. Our decision is to wait for more attractive stock prices.

"One of the ten indicators that make up the leading index increased in May. The positive contributor was stock prices." Conference Board.

Part II - Wish List Review & Outlook

Wish List Performance	
1Q01	25.70%
2Q01	18.07%
3Q01	5.54%
4Q01	3.19%
2001*	**52.50%**
1Q02	10.01%
2Q02	-4.44%
3Q02	-4.81%
4Q02	9.20%
2002*	**9.96%**
1Q03	-3.19%
2Q03	14.84%
3Q03	3.82%
4Q03	8.63%
2003*	**24.10%**
1Q04	16.74%
2Q04	-3.84%
3Q04	-4.32%
4Q04	16.69%
2004*	**25.27%**
1Q05	-1.37%
2Q05	-1.01%
*Includes divs	

Since December 27, 2004 the four Wish List companies selected – on an evenly weighted basis - have declined by 2.38% when including dividend payments. Excluding dividends the four selections in the 2005 Wish List have returned an equally weighted average of -3.51% before taxes and commissions. During the same time (Dec 27, 04 – Jun 30, 05) the Dow Jones Industrial Average lost 4.65%, the S&P 500 lost 1.13%, and the Nasdaq lost 4.52%. Using the first half of 2005 as the reference the Wish List underperformed the S&P 500 benchmark.

During the second quarter of 2005 we failed to select any new companies. The trend of relative inactivity – which began with the Wish List's mid-2003 liquidations – continues to be disappointing. However, we are confident that new equity opportunities are on the cusp of emerging.

We continue to believe that the investor would be well served to own gold/silver as a hedge against the U.S. dollar's decline. During 2Q05 the price of gold showed signs of decoupling from the dollar (i.e. gold rallied even as the USD rallied), which is potentially good news for gold bulls. Rather than speculate that a few trading sessions of decoupling is proof that the motherload gold rally is near, we prefer to monitor the COT statistics for hints of where the near term price of gold may be going. Currently COT suggests a weaker price of gold, although the most recent gold price decline may have changed OTC configurations. We do not believe that gold stocks are a safe investment as they remain (in our opinion) overvalued unless the POG trades considerably higher.

Below is a brief recap of the 4 companies selected in the 2005 Wish List and our current outlook on each.

Caldwell Partners - CWL-NVA (Toronto)		
Bought - Dec 26, 01 - $1.14	Hold - June 30, 05 - $1.75	2005 Gain: 2.28%
		Total Gain: 65.44%

With Caldwell declaring another dividend and revenue increases for the fifth quarter in a row, our expectations when acquiring a stake in Caldwell more than 3-years ago (when the company was losing money and trading below its liquid cash/securities position) have been fulfilled. Our outlook moving forward is positive, and is grounded upon positive posting trends (off of the Caldwell website), along with the stable Canadian economy/jobs market. Moreover, we believe that Caldwell's dividend yield (4.6%) should serve to support the company's stock price. The caveat we would stress, however, is that the company's material outlook can change quickly.

Caldwell remains on the Wish List and we still carry corporate expectations over the longest of terms. Specifically, we expect Caldwell to remain an industry leader in Canadian executive placement. Our previously stated selling target of $2.00/share is still in place. We do not rule out the possibility of selling/removing Caldwell at current trading prices.

	Hancock Fabrics - HKF	
Bought - Dec 27, 04 - $10.10	Hold - June 30, 05 - $6.75	2005 Loss: -31.98

Despite a terrific tumble in sales since late 2004, not to mention the fact that the company is currently not profitable, Hancock declared a quarterly 6 cent dividend on June 9. This dividend announcement, combined with a recent analyst upgrade, is – evidently – responsible for the recent rally in HKF shares (from a low of $5.28 on June 3).

Even after the rally, we believe that at current market prices Hancock shares are pricing in little more than corporate survival. Needless to say, if the company does not benefit from seasonal forces in late 2005, corporate survival may indeed be the issue in 2006. New CEO, Ms. Aggers, has not yet proven that the company has a found a way to adapt to a difficult operating environment.

Hancock remains on the Wish List. Since we started publishing our investments in 2000 we have never removed/sold a company for a loss, but there is no guarantee that Hancock will not be the first. As patient as we are, we must continue to ask whether or not Hancock is likely to remain a viable business.

High Liner Foods - HLF.to (Toronto)		
Bought - Dec 27, 04 - $9.65	Hold - June 30, 05 - $9.85	2005 Gain: 3.10%

Despite our long-term horizon, it is worth reiterating our reservations with the near term. First and foremost, High Liner remains expensive by most valuation accounts. Second, High Liner's US operations are in a state of flux. Longer-term we anticipate continued growth from the Canadian side of the equation and a growing (sporadically) US business. We also anticipate that the sale of the company's fishing assets will lead to a more manageable capital expenditure model; one that eventually benefits shareholders (although this could take some time to develop).

We do not see any reason for explosive stock price appreciation. In fact, we are fully prepared for a share price decline should investors begin to value High Liner based solely upon the company's unattractive valuations.

	Intrado Inc. - TRDO	
Bought - Dec 27, 04 - $11.62	Sold - Feb 4, 05 - $13.60	2005 Gain: 17.04%

We removed TRDO on February 4, 2005 because we believed the turnaround expectations we noted on December 27, 2004 had become priced into the stock. Our intention is never to buy/sell a company as quickly as we did Intrado. Rather, our decision to remove Intrado was in reaction to the company's 'better than expected' 4Q04 financial performance and/or a dramatic stock price increase.

During the quarter Intrado shares got a boost from the FCC's decision for VOIP providers to expeditiously develop a 911 solution. We would consider re-investment in Intrado on weakness, but remain concerned about SOx 404 issues/expenses and the upcoming stock options expenses. In our opinion the company has not done enough to fully explain to shareholders the impact S123R will likely have on earnings and cash flows. It is difficult to pin down a specific stock price at this time.

2Q05 Watch List Notes

With the exception of Taser Inc. – which we covered in-depth but did not purchase before its stock price exploded higher - Lifeway Foods represents one of the most fabulous fishes that has gotten away from us. We note ‘away from us’ because we do not believe that chasing Lifeway shares following the Target announcement was, or is, a safe investment.

Following the pace of the broader financial markets, Watch List companies generally lacked volatility during 2Q05. As such, very few companies strayed from their trading ranges and no new Watch List opportunities emerged. One notable exception may have been TC Pipelines, which briefly traded below $32 a unit during the quarter.

Some other Watch List companies that traded near levels that we believe warranted attention during the quarter are Heartland (in mid-April), Tasty Baking Company (early May), Farmer Brothers (May), First Silver (May), and Intrado (May). None of these stock price slumps was enough for us to act. Weakness in issues like UST, UMH, and WDFC during the quarter was encouraging, and we had hoped that this weakness was a signal that investors were becoming more risk adverse when it comes to chasing dividend yields. However, recent strength is issues like YORW, NFG and NWN contradict this theory, and instead lead us to believe that investors are still in a desperate hunt for yield. Weakness in specific issues – GIS, HNZ, PSTA – while worth monitoring, are the result of operating missteps rather than any change in investor attitudes.

Besides adding some new Watch List additions (below), we are removing a plethora of others (including Churchill Downs, Churchill Corp, Lifeline Systems, Topps Company, etc). These, and other removals represent our plan to monitor a more manageable and realistic Watch List. All of our Wish List and Watch List companies can be found within the ‘Companies’ area off of the members’ homepage.

You will be notified via e-mail of any future changes to the Wish List. If you did not receive email notification announcing the release of this report please contact members@fallstreet.com.

Part III - New Research and Selections

First the good news: in an attempt to find new undervalued equity opportunities we researched insider trading trends in 4,703 different companies. Now for the bad: our hope of finding a new equity opportunity by this method was not fulfilled. Instead we are left with a mountain of data and company notes.

Regardless, some of our findings were as follows:

* 29.3% of the 4,703 companies we looked at (which excluded many smaller BB stocks) had at least 1-insider purchase over the last 6-months.

* But only 13.37% of the companies we looked at had more insider purchases than sales over the last 6-months.

We plan on referring to our insider searches in future months. The file is available for download alongside this report, and may help you in your own research endeavors.

On the topic of Wish List additions we also have some mixed news. First the bad: we were unable to find any new equity additions during the quarter. Now for the good: we are making 4 new Watch list additions and remain resolute in the opinion that we are not, to put it rather bluntly, stock picking has-beens.

Arctic Cat Inc. - ACAT

Investment Position: Potential Long-term holding

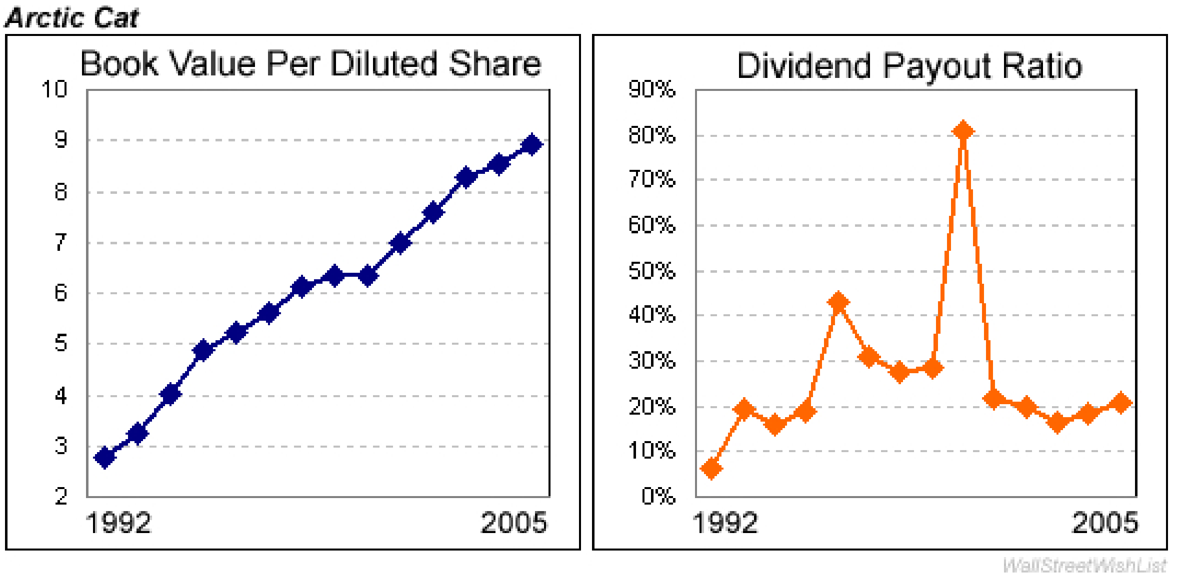
On May 12, 2005 Arctic Cat missed First Call Earnings estimates and shares plunged by more than 11%. On May 13 we began to investigate the company. Today we have a rounded opinion of the business.

History and Competition

ACAT has been producing all-terrain vehicles (ATV) since 1995, and snowmobiles since the 1960s. The company also made an unsuccessful bid to sell power water crafts in 1993, but discontinued these money losing operations in 1999. The ATV market is extremely competitive, and ACAT differentiates itself from competitors primarily by product quality and reputation. The snowmobile side of the equation has fewer competitors, although lack of snowfall in recent years has stunted growth.

Financial Overview

Artic Cat has been able to outgrow the ATV industry in recent years, and in doing so has recorded an impressive historical record. The shareholder equity trend is a little misleading because of the company's history of big buy backs. However, the SE per share trend leaves little doubt that ACAT is, historically, a strong performer. When you add the nearly $3/share in dividends that have been paid since 1992 you get a net increase in shareholder wealth of 329% over the last 14-years (23% annual average).



Given that the company's annual increase in shareholder equity has been trending lower for the last decade, the 23% annual increase in shareholder wealth figure is a little misleading (the increase in net equity has actually been below 5% in each of the last 2-years). Even so, that ACAT has yet to register a serious setback (or a decline in SE or div) adds to the impressive financial statements.

With a clean balance sheet and nil interest debt payments, the company has the luxury of using cash from operations to fund dividends, capital investments, and, potentially, acquisitions.

Business Outlook

Artic Cat is not as aggressive a company as competitor Polaris, which is currently vying to take on Harley Davidson with its new 'Victory' unit. Nevertheless, the cost structure of each business is similar, with both ACAT and PII placing a high percentage of cash flows into capital investments. These investments are why each company produces a product that is held in high regard by consumers and industry sources.

Suffice to say, if ROI going forward was to mirror that of the 1990s, ACAT would be a screaming buy right now. However, there is evidence that competitive forces, not just commodity prices, are squeezing the ATV leaders. Although not mentioned much by the larger US based manufacturers, Power Products Marketing notes that US importers of Youth ATVs has risen from 8 in 2003 to 75 in 2004. Longer term this trend does not bode well for ACAT's ATV margins.

Increased competition or not, there is likely to remain a niche for superior quality ATVs, at least in the foreseeable future. Moreover, there is a possibility that ACAT (who has distributed Her Chee ATVs before) will try to consolidate its strong market position either via takeovers or partnerships. Following the latest earnings miss management suggested that it is looking at carving a new path (an acquisition, or geographical expansion have been suggested).

Investment Opinion

ACAT currently trades at a respectable 2.18 times book, with a dividend yield of 1.4% (with a seemingly manageable 20% average payout ratio over the last 5-years). Our interest rests on the possibility of owning ACAT shares at a more attractive price.

At March 31, 2005 ACAT had 1.28 million stock options outstanding with a weighted average exercise price of \$18.56. Assuming the company stands true to its word to 'purchase Company common stock primarily to offset the dilution created by employee stock option' (10K), we believe that ACAT shares would be worthy of further consideration around this price level. A further deterioration in margins and/or a slowdown in ATV sales may be what is needed to send ACAT shares to this level. Snowfall trends are the wildcard.

Overland Storage - OVRL

Investment Position: Potential Growth Investment

Originally covered in the 2003 Wish List Report (Dec 26, 2002), the Computer storage industry has shown steady improvement during the current US capital spending recovery. Storage Tech was the company we focused on back then. Overland Storage is the company we are monitoring today.

Based upon an industry ROE comparison, Overland (a mid-range data storage competitor) was in the mid-range of the group 2.5 years ago, and remains in the mid-range of the group today. However, we are more attracted to Overland today than in previous years because it has successfully entered the disk-based market with a well received product (Reo).

With Overland encountering a operational slow down and threats of a price competition mentioned during the company' s latest conference call, we believe the investor can be patient when sizing up OVLR (larger players such as Seagate recently lowered prices and analysts have been talking about the possibility of a 'price war').

Although Overland does not pay a dividend, the company's balance sheet and cash flow statements make for exciting reading: a 22% annual increase in net equity over the last 5-years (lowest year 6.8%), liquidity handily covers total debt, and positive free cash flow has been generated in each of the last three years. Currently priced at $9.46 a share, any further dip in stock price could see OVRL shares trading at an extremely attractive 10-times historical free cash.

So what is the problem with OVRL? As positive as the longer-term storage spending trends might seem (see IDC), Overland is currently experiencing pricing pressures, and inventories are sitting near all time highs. Moreover, the company's cash generation has not been consistent since the company went public in 1997 (3 negative CFOs since going public). Accordingly, that a planned increase in capital spending is arriving as pricing pressures begin to take hold could be bad news for the company's extremely attractive balance sheet.

The storage market can change quickly, and OVRL shareholders should be aware that technology capital spending trends are not very predictable. Nevertheless, OVRL has a tangible book value of $8.34 a share, and - using the speculation that that PP&E is worthless and $23.4 million in inventories could be sold at book - the company has a breakup value of $7.62 a share (current asset minus total debt). In short, any further decline in stock price makes OVRL a serious value consideration.

Mile Marker Int. (MMRK.OB)

Investment Position: Potential Dividend Investment

On the surface there is a lot to like about Mile Marker: the company produces a patented product (hydraulic winches) that continues to be well received in the marketplace, the dividend yield (historical) is north of 6%, and the top two insiders – Richard and Leslie Aho – control nearly 50% of outstanding shares. However, below the surface obstacles loom: the company's reliance on sales to the US Army (Humvee refits) ensures volatile growth trends going forward, the dividend payout is probably only sustainable if MMRK continues to capture share in new industries (i.e. company has new ATV winch), and shares are thinly traded. We believe that the company will continue a strong dividend policy as long as possible, but we would like to purchase shares on weakness and closer to book value (currently 7-times book). With the company expanding its product lines and revenues starting to come in below expectations, current weakness in shares may linger. We are adding Mile Marker to our Watch List with a $3.00-$3.50 target.

Angelica Corp - AGL	Investment Position: Potential Long-term holding

With expansion in the 1960s and the sale of their manufacturing business in 2002, Angelica has outgrown its uniform business that began in 1878. Today the company is focused on providing linen services for healthcare facilities. AGL has been aggressively adding leverage to acquire other companies, and currently pays an attractive dividend. One major misstep could stop the acquisitions binge or the dividend increases. Any misstep may be an opportunity to buy a company that is well situated to benefit from demographic trends with a recurring revenue model in the coming years. The current share price leaves little room for error. Watch List target price of $20.

Other companies researched but not being covered at this time.

Educational Development Corp (EDUC), distributor of Usborne Children books in America, could easily raise its annual dividend. But we will not find out if they will until 2006...

Although not as explosive a company as competitor Scholastic (of Harry Potter fame), EDUC has managed to almost double revenues since 2000. What we like about the company is that it generates sales in a non capital intensive manner (i,e. home shows and book fairs). The business model works profitably so long as Usborne books remain popular. Shares could be worth owning depending upon the dividend outlook later this year.

Government Properties Trust Inc (GPP) is a REIT that has been on, and is still on, an acquisitions binge. When the music stops the company should have an impressive portfolio of properties leased under long-term contracts to the U.S. government. Owning shares for the distribution is dangerous now because, eventually, the acquisition funds will run dry and operations may not immediately support the current payout. GPP is a REIT to keep in mind.

Conclusions

The Fed has tightened short term interest rates over the last year, but long term rates (and mortgage rates) have still fallen. Accordingly, some have suggested that the Fed lacks the tools necessary to slow a budding bubble down. The very suggestion that the Fed is helpless when it comes to directing asset prices is nonsensical. To be sure, if the Fed really wanted to slow the housing market they could take page from China and start increasing bank reserves, or repeatedly state to speculators and bankers that slowing the housing market is a policy goal, or even use aggressive open market operations to combat the interest rate 'conundrum' Greenspan has so famously labeled. However, the Fed – which would start cutting the historically low Federal Funds rate at any sign of economic trouble tomorrow - has a policy of ignoring asset bubbles until they pop. Some would argue that these policies encourage asset bubbles. This thought is hardly new to Austrian followers.

It is the investment ideology that 'things are different this time' that, in large part, sustains asset price bubbles. More specifically, it was the belief that a 'new economy' had arisen that sent stock prices to unsustainable levels in the late 1990s, and it is the belief of US home owners that prices will never fall that is positively influencing home prices today.

The historical record suggests that economic and stock market activity tends to oscillate from periods of boom to periods of bust…we believe the bust is near.

That is our story and we are sticking to it.

Sincerely,

Brady Willett
Todd Alway