

A SILK PURSE MADE FROM A SOW'S EAR

WEB BUZZ 2008.04.07

Day after day, we continue to see articles proclaiming that long-term government bonds are exactly the wrong asset to own. Large investment pools of both domestic and foreign investors say they are no longer buying them, as the yields are just too low. Let us see. Isn't that the very attitude that led them to the purchase of newly created structured assets, which now have gone bad?

Two things: one, you should never buy bonds just for yield. Buy only for total return; two, we believe the long government at 4 1/2% or so is a *high yield* based upon the probable returns of the foreseeable future. Anyone who thinks double-digit returns are going to result from the economic mess we are in now has another think coming. We made the point in 2001 and have repeated it many times since. Rates of return of even 6% are going to be very difficult to achieve until the long debt reduction needed to restore economic health comes to pass.

We noticed the following information from the Elliott Wave web site the other day. How about that Bison Bond I, which we have added to the chart for comparative purposes? As noted above, this investment has been "bad" per smart people on Wall Street the entire time. As for tomorrow? We expect to do just fine, thank you.

Eight-year Total Return

12/31/99 to 2/21/08

Transaction Costs Excluded

Index	Total Return
CASH 3-month T-bill	+29.24%
S& P 500	+5.39%
NASDAQ Composite	-40.53%
Dow Jones Wilshire 5000	+13.95%
Dow Jones Industrial Average	+26.97%
Bison Bond I	+86.84% after 2% fee