

LONG WAIT COMING TO AN END? 04.30.2007

For the full three years ended 12/31/06, our Bison Bond I accounts have been “treading water.” We have achieved “the coupon,” which at a minimum returned 4.7% per year computed on a total return basis. As stated above, this assumes the holding period commenced 1/1/04 and was held without additions and reductions except for the fees during three continuous years. The actual result would range between approximately 4.7% and 5.7% per year. Please note the chart showing the 10-year government bond below.

This experience reflects the ongoing tug-of-war that concerns the state of the economy, which is reflected day after day in surveys, as well as public and private financial press releases. Many at the top of the economic pay scale have never had it so good, whereas those at the lower end are not faring so well. Yes, employment numbers are up; however, pay is coming from service jobs, which have historically been much lower than the manufacturing jobs we used to have.

Wall Street and its innovative financing arrangements are generating fees previously unseen on behalf of their firm, lawyers, and accountants. At the same time, the risk of ownership of these instruments is being laid off on the investing public. In summary, Wall Street is obtaining huge fees from investing, while the public is obtaining all the risk; Main Street is just hanging on. What a way to run a world. It is a toxic mix.

We believe that tug-of-war is soon to be decided as the economy continues to weaken and corporate debt continues to climb upward due to strong merger and acquisition activity. Our patience will be rewarded.



Taken from www.safehaven.com