

PEAK FINANCIAL MANAGEMENT, INC.

TO: PEAK CLIENTS
FROM: PRAN TIKU, PRESIDENT
KERRY LURIA, PORTFOLIO MANAGER
DATE: 10/8/2008
SUBJECT: SPECIAL PORTFOLIO UPDATE

SUMMARY

The ferocity and speed of the market's correction is shocking and without precedent. The stock market's 12-month loss of over 35% has left many investors anxious. The market will recover. The truth is we do not know when that will happen. Given current market volatility and uncertainty, we are making several trades in our portfolios, effective immediately.

WHAT WE ARE DOING

We are selling some of our more volatile and risky funds to preserve capital. These funds have suffered worse than the broad market as we would expect given their historically high standard deviation. Some of these funds we have held for a long time, some we recently purchased. We have not lost faith in the managers or our belief in their long-term potential for outperformance. It is a decision that their near term risk-reward profile is too high. The proceeds will initially go to cash. We are diligently working on identifying investments like market neutral funds that will either reduce portfolio volatility or preserve capital. The funds we are selling are:

Loomis Sayles Bond Fund - BlackRock All-Cap Global Resources Fund

RS Global Natural Resources Fund - CGM Focus Fund

Fidelity Advisor Leveraged Company Stock Fund - Blackrock Global Allocation Fund

WHAT WE ARE NOT DOING

We are not selling our core equity positions. We are maintaining our investments in US growth and value, diversified international and emerging markets. As we all know, just as the market can move sharply down, it can also move sharply up. We strongly believe that the stock market will rebound; we are just uncertain about the time of recovery. We all hope it happens soon, but in the meantime, we are tilting our portfolios more towards capital preservation until some of the clouds over both the economy and the markets clear.

Please contact us if you have any questions or concerns.