

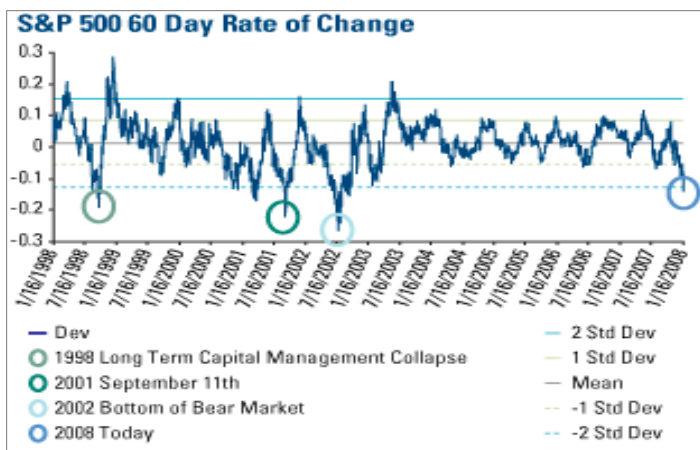
American Money Management, LLC

SEC REGISTERED INVESTMENT ADVISER

2008: STRATEGY & OUTLOOK

Our first and most important decision in managing our clients' accounts is asset allocation: what percentage of the portfolio should be in stocks, bonds, cash, etc., in light of the unique financial conditions and goals of our clients, and in view of the current and anticipated market conditions? Generally speaking, we have maintained large cash or defensive positions during this difficult period. However, patience and a prudent approach to finding growth and income investments should pay off in the future, much like it has over the years.

Everything moves in cycles, and right now there are some extremely attractive opportunities. As illustrated in the following charts, the U.S. equity markets are approaching extremely oversold levels. We expect to use our available cash in the coming weeks/months to add to our favorite positions and to accumulate new positions in securities that are now trading at historically favorable levels.

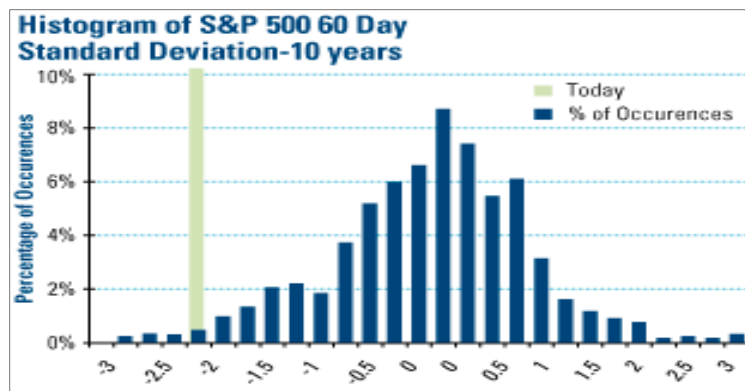


As can be seen by the accompanying chart, over the past 60 trading days, the S&P 500 has dropped 14 percent. A decline of this magnitude last occurred about five years ago. As can be seen on the chart above, this correction is approaching the same magnitude of other gut-wrenching events such as the collapse of Long Term Capital Management in 1998, September 11, 2001, and the collapse of the technology bubble and the ensuing bear market in 2002.

U.S. Global Investors Advisor Alert, www.usfunds.com, January 18, 2008

When markets fall for an extended period or exhibit very sharp short-term corrections, fear begins to creep into investors' psyches, and they begin to make irrational decisions. This becomes an opportunity for the investor who understands the history and the math behind the market. These charts help us quantify the magnitude of the markets' ups and downs and help us make better risk-adjusted decisions¹.

This histogram helps put the current events into context. The 60-day change on the S&P 500 has now fallen 2.18 standard deviations from the mean. There are very few periods with worse 60-day returns. In other words, odds favor a rebound from these levels.



U.S. Global Investors Advisor Alert, www.usfunds.com, January 18, 2008

¹U.S. Global Investors Advisor Alert, www.usfunds.com, January 18, 2008.

U.S. MARKETS ARE RANGE BOUND IN THE FIRST HALF OF 2008 BUT END THE YEAR WITH GAINS.

The Fed's forecast is for sub-potential economic growth through 2008, implying that it will be biased to easing (lower rates) for the foreseeable future. Although it is difficult to imagine the economy surprising on the positive side this year, keep in mind that many markets and sectors are already priced for little growth/recession². Ultimately, we believe the Fed will be successful in reflating the economy through a cycle of easing interest rates. After a rocky start to the year, we expect domestic indices to rebound and end the year with modest gains. Market weakness in the first half should provide excellent buying opportunities in issues where the market has overreacted to near-term "bad news".

THE FALLEN ANGELS FUNDS

"Fallen Angels" is an old Wall Street term for stocks and bonds that have fallen to potentially attractive levels. Everyone wants to buy low and sell high, but the most common reason why so few succeed is a lack of research and discipline. Many of our clients have positions in the firm's Fallen Angels Income Fund and/or Fallen Angels Value Fund. Currently, both have high levels of cash. As Warren Buffett says, the objective is to **"look at stock market fluctuations as your friend rather than your enemy - profit from folly rather than participate in it."** For the shareholders of the Fallen Angels Funds, we believe that patience and a prudent approach to finding opportunities should pay off in the future, when valuations return to more normal levels.

HOUSEKEEPING

Our primary objectives are first to preserve capital and second to make it grow. Whether you are an income or growth oriented investor, our investment decision-making process involves a highly disciplined, multi-step approach. Our detailed methodology is posted on our website at www.amminvest.com for your convenience.

Enclosed, please find our newest Privacy Notice. We can also provide you with a current copy of our Form ADV Part II, at your request. Should you have any questions regarding your investment account(s), or if there have been any recent changes to your investment and/or retirement objectives, please do not hesitate to give us a call.

Thank you for entrusting our firm with the management of your assets. Wishing you a happy, healthy, and prosperous new year!

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