



CALDWELL & ORKIN®

---

## UPDATE

December 2008

### *Holiday Respite*

*'Tis the season to be merry, but few of us are  
The days they are dark, the markets subpar.  
The economy's the worst since czar FDR  
Twelve months of recession, NBER says thus far.*

*Thinking of then, with hindsight so clear  
Of tables now turned, free money turned dear.  
Of warnings cast often, that fell on deaf ear  
Of destructive euphoria giving way to shear fear.*

*Of the mirrors of trust now lying in shards  
Of fiduciary duty, of leveraged canard.  
Of a maestro's legacy irreparably marred  
Of bursting bubbles and once shooting "stars."*

*Of titans defeated, institutions now lame  
Of reputations tarnished and heads bowed in shame.  
Of disastrous decisions by those of good name  
Of history ignored for personal gain.*

*Of CDOs, CDSs and other gobbledygook  
Of leveraged finance, of risk mistook.  
Of complicit agencies, paid not to look,  
Of a burdened taxpayer, now on the hook.*

*Of blame cast down on those of good will  
Of meritless measures and funds that they killed.  
Of those in positions they never could fill  
Of basis for action not given still.*

*Of worldwide declines we face this dark hour  
Of deleverage, deflation and assets devoured.  
Of this process that's started and its destructive power  
Of consumer net worth, once sweet now gone sour.*

---

*Of the jobs lost and losses to come  
Of the worst job market in generations.  
Of a consumer spent up, no money for fun  
Of mountains of debt built for daughters and sons.*

*Of bailouts, measures and hazards ignored  
Of a balance sheet grown to \$9 trillion or more.  
Of laissez-fair's surrender at recession's door  
Of regulation's comeuppance, and profits' floor.*

*Of majority bears and sellers exhaustion  
Of abundant pessimism and investor precaution.  
Of hedge fund withdrawals and forced liquidation  
Of cash that's trash and equities' temptation.*

*Of floods of liquidity and Marshallian K  
Of quantitative easing and low mortgage rates.  
Of housing's importance and prices falling each day  
Of finding a bottom, but how far away?*

*Of getting more bullish, but cautiously so  
Of the Santa Claus rally... HO! HO! HO!  
Of having our doubts about how far it can go  
Of at times admitting that we just don't know.*

*'Tis the season to be merry, so let us now toast  
To what's really important and what means the most.  
To health and to happiness, to our clients coast to coast  
Happy Holidays to you, from C&O.*

*Michael B. Orkin, CFA  
J. Patrick Fleming, CFA  
William C. Horne*

***Portfolio Management Team:***

*Michael B. Orkin, CFA  
J. Patrick Fleming, CFA  
David R. Bockel, Jr.*