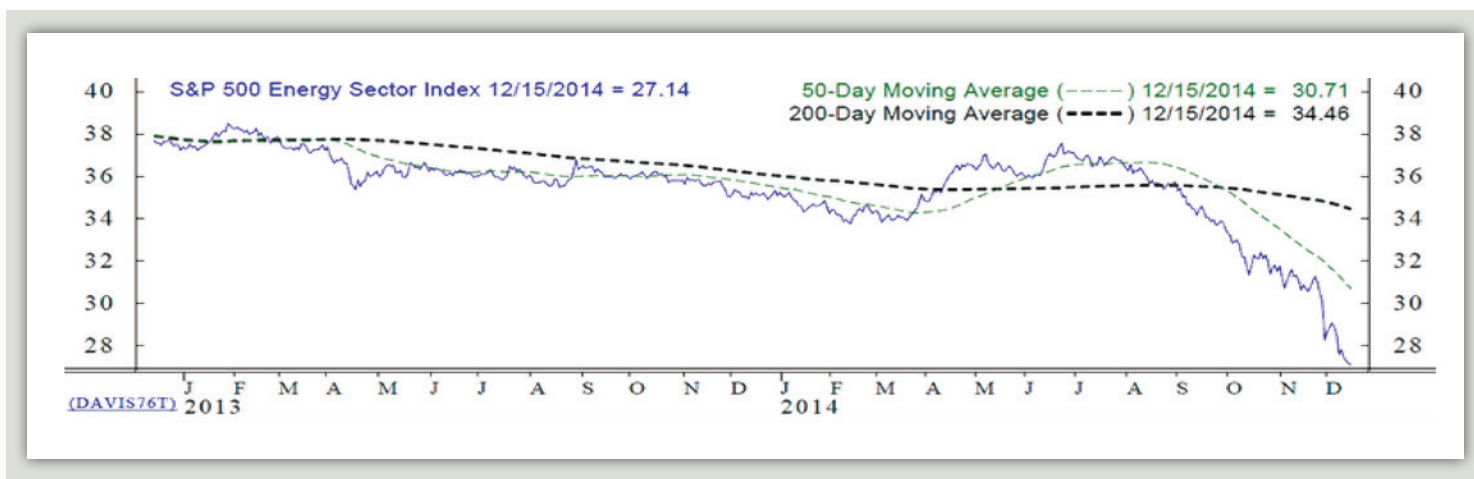


What Polaris Is Doing...

Polaris cut its exposure to energy in July from an overweight to a market weight. As we got more confirmation of the sector's movement, we cut our exposure from market weight to underweight in September, and eliminated our last holding several weeks ago to avoid the sector altogether.



As you can see from the above chart, the energy sector price broke below its 50 & 200 day moving averages in the late summer. The 50 day moving average broke below the 200 day moving average in early October. All of these are bad signs for this segment of the markets, which is why we pared back our exposure and eventually eliminated it.

I hope this helps shed a little light on this very complex subject. As always, I welcome your questions and comments.



Sincerely,

Jeff