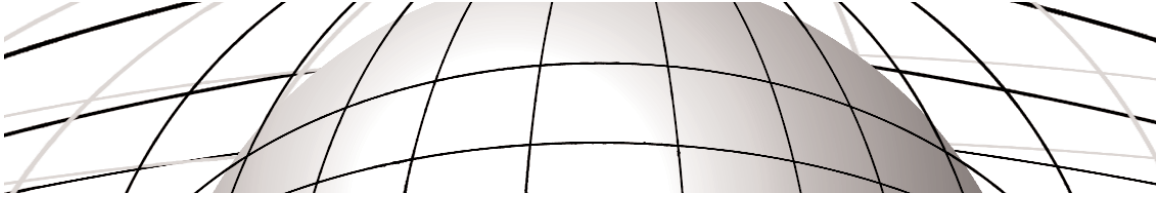


# Mariner Economic Report



## Market & Economic Turmoil

January 22, 2008

### Fed Makes Bold Move to Stimulate Economy

With the stock market off to its rockiest start on record, as defined by the S&P 500, the Federal Reserve slashed the fed-funds rate by three-quarters of a percentage point today—the biggest single rate move since 1994. While we continue to be skeptical that the U.S. economy is moving into a full-fledged recession, the economy does appear to be weakening, as evidenced by data coming in from the housing sector.

Builders in the U.S. broke ground on 1.006 million homes in December—the lowest number since 1991—following a 1.173 million pace the prior month, as reported by the Department of Commerce. Housing starts were down 25% in 2007, which was the biggest decline since then-President Jimmy Carter delivered his famous “malaise” speech. And the weakness in housing seems to be permeating into the consumer discretionary sector, as the retailers continue to post lackluster returns.

### Is the Prevailing Mood Correct?

Over the past decade or so, it has become a popular mantra that “as the consumer goes, so goes the U.S. economy.” This oversimplified statement would lead one to believe that, in light of the weakness in housing and the retail sector, a recession is imminent. We do not necessarily subscribe to that thinking. Although we may border on a recession, there are strong macro-forces at work which may mitigate that risk—namely, the weak dollar and the strong emerging market economies. This trend can be seen in the positive

earnings reports from bell-weather stocks GE and IBM. We believe given the valuation of the stock market, that it is in much better shape to weather an economic slowdown, or even a recession, than previous periods of contraction. We are also proactively over-weighting sectors we believe will outperform the overall market, such as healthcare.

We note that Wall Street tends to take markets to extremes. A great illustration of this point would be the selloff in financial stocks. While this was warranted in regards to the companies having big exposure to the sub-prime mortgage market, local and regional banks with little real estate exposure paid a steep price as well. Wall Street will run a trend to excess on the upside and then ride it to the downside.

### What this Means for Investors

At Mariner, our goal is to not be whipsawed by the headlines, making drastic moves from equities to bonds to cash and then back again. Our goal is to adjust positions in the equity portfolios to reflect the current trends in the market and work with clients to adjust their asset allocation to meet their risk/reward expectations. Our portfolios have no direct exposure to the sub-prime mortgage market. We have been dramatically underweight in the financial and consumer discretionary sectors for the past five months.

Historically, the best policy in economic crises has been to weather the storms and then take full advantage of opportunities presented in their wake. We believe there is more downside risk on the horizon, but that this is not a repeat of 1999 in regards to valuations. We see the potential of tremendous opportunities in the near future.

*Before investing in a portfolio, consider its objectives, risks, charges, and expenses. The portfolios may not be suitable for all investors. Contact Mariner Wealth Advisors at (913) 647-9700 to obtain prospectuses on investments inside the portfolio you are considering. The information provided above is limited to the dissemination of general information pertaining to MWA's investment advisory/management services. There is no guarantee that any claims made will come to pass. For additional information about MWA, including fees and services, send for our disclosure statement as set forth on Form ADV from us using the contact information herein. Please read the disclosure statement carefully before you invest or send money. Securities offered through Purshe Kaplan Sterling Investments, member FINRA/SIPC, headquartered at 18 Corporate Woods Blvd., Albany, NY 12211.*

