



# NCM Client Notification

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The real question is what is the catalyst for the decline?

The market declines based upon fundamentals and/or emotion.

Fundamentals are dangerous long term as they undermine stock prices for prolonged periods moving forward.

Emotion can move markets up or down in the short term. Emotion tends to be sensational, short term in nature and leads to panic selling.

So as we evaluate the situation, the question is whether the Greek situation will have a lasting impact on corporate profits.

At this juncture, we do not think this will have a long term impact. This is panic. Program trading (electronic and rapid) has kicked in and you could attribute nearly 90% of transactions being driven not by individuals, but computers with preset parameters for selling.

Fundamentals in this economy remain good and corporate profits are strong.

Therefore, clients most likely would be better served to be buying on this decline than selling.

We do not mean to discount the severity of the Greek situation. If the Greek situation spreads to Spain or Portugal, there could be a longer term adverse impact with more meaningful implications.

At this point, we will monitor the situation closely. If circumstances deteriorate further - with the debt crisis spreading, we will reduce equity exposure in the coming days and be adding to gold and cash positions.

Northern Capital Management, Inc.

Investment Committee