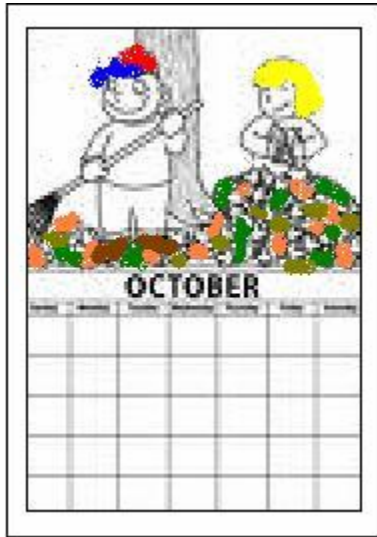


Thank God It's Friday!

October 5, 2007



The month of October ushers in a historically volatile time for the Markets. In fact, 2 of the worst days ever occurred in October: “**Black Thursday**” (October 24, 1929) the sell-off which triggered the Great Depression, and “**Black Monday**” (October 19, 1987) which saw the Dow Jones plummet 22% in one day! These 2 events will be forever ingrained in Market psychology. But they **don't** represent the normal trading behavior for the month of October. Whew!

The 4th quarter is historically the strongest period for stocks. Year-end rallies have been the norm, not the exception. The “**Santa Rally**” **begins in October**. Really! The explanation for increased volatility for the month, has more to do with the fact that **mutual funds close their books in October**, their fiscal year-end.

That means that they take their gains, if they have them, and send the distributions out to the investors, regardless of when they made the purchase. This is another reason we're not fans of mutual funds: Because they often obviate tax planning.

The First of October marks the traditional reconvening of a new session of the US Supreme Court. Although there are no cases on the docket specifically related to securities markets, Court decisions affect far-reaching laws in all areas of public—and private—life for generations to come. This year's session coincides with the release of controversial books by Supreme Court Justice Clarence Thomas, as well as one from former Fed Chief, Alan Greenspan. Both books have engendered heated debate concerning whether our nation is following the spirit of the US Constitution to keep these critical institutions **politically independent**. Both books actually shed some doubt on the neutrality crucial to our judicial and economic institutions. Stay tuned for more fireworks on this subject of the Balance of Power in our central government.



The intense market volatility this summer will likely lead to further gyrations this fall. But those investors expecting ghouls and goblins to re-surface again causing a market meltdown should be disappointed. There is no **Friday the 13th this October**. Even if there were one, as 2006 taught us...months that include the feared date do not coincide with financial losses. A normal October is good for stocks, it's good for portfolios. Any weakness should lead to another stage of this global bull market.

INDEX	10.05.2007	12.31.2006	%Change
DOW JONES	14,066	12,463	+12.86%
S&P 500	1,557	1,418	+9.8%
NASDAQ	2,780	2,415	+15.11%
Bond YIELD	4.64%	4.71%	-1.4%*