

## ECONOMIC & INVESTMENT OUTLOOK – 4th Quarter 2007

The following is a year to date comparison of results for the major indexes representing various domestic and international asset classes.

Index	Aug-07	QTD	YTD	Description
S&P 500 Index*	1.29%	-1.95%	3.93%	Large-cap stocks
DJIA*	1.10%	-0.39%	7.18%	Large-cap stocks
Nasdaq Comp.*	1.97%	-0.26%	7.50%	Large-cap tech stocks
Russell 1000 Growth	1.59%	0.02%	8.15%	Large-cap growth stocks
Russell 1000 Value	1.12%	-3.55%	2.45%	Large-cap value stocks
Russell 2000 Growth	2.52%	-2.80%	6.26%	Small-cap growth stocks
Russell 2000 Value	2.00%	-6.68%	-3.14%	Small-cap value stocks
EAFE	-1.54%	-2.98%	7.79%	Europe, Australasia & Far East Index
Lehman Aggregate	1.23%	2.07%	3.07%	U.S. Government Bonds
Lehman High Yield	1.36%	-2.23%	0.58%	High Yield Corporate Bonds

All returns are estimates as of August 31, 2007. \*Return numbers do not include dividends.

During the past twelve months, we have been critical about what we feel has been prolonged fiscal policy irresponsibility on the part of the Federal Reserve. Its actions have promoted excess borrowing and created a credit bubble, which has finally burst. Even in the midst of this burst, the Federal Reserve continues to feed the credit mess it has created by keeping interest rates artificially low. Its immediate solution, which cannot be sustained, is to bail out lenders and their insolvent borrowers while working overtime trying to sooth an increasingly nervous investment environment. In our opinion, the financial disarray has only just begun and we are starting to feel the pain of the years of over indulgence.

Furthermore, the Federal Reserve should be cognizant of the fact that business cycle expansions and contractions are to be expected and that it is not unusual or bad for the economy to experience a financial cleansing after an extended ride. Because of the Federal Reserve's attempts to band aid the economy versus taking responsible actions, borrowers and investors have assumed more risk than is appropriate. Moreover, they mistakenly believe that the Federal Reserve's fiscal policy intentions will protect them from experiencing the repercussions of an economic downturn when in fact a consumer-driven recession is on the horizon.

You should feel confident in knowing that our earlier tactical strategies to lock in investment gains and rebalance the portfolios to be defensively positioned against downside risk are now beginning to manifest the benefits of our "win by not losing" investment philosophy. It is our intention to maintain this protective approach until we can foresee the overdue economic adjustments occurring, and meanwhile retain liquidity for investment opportunities as they materialize. As we have emphasized many times before, our portfolio rebalancing is not market timing, but instead a tactical tuning process to overweight and underweight asset classes in accordance with our independent economic assessments. Those clients who have been with FMG during previous precarious investment periods remember the comfort they felt when they experienced the preservation of portfolio values derived from this "win by not losing" approach.

Please feel free to inquire further regarding our economic and investment outlook as well discuss any aspects of the structuring and performance of your investment portfolio.

Warmest regards,



Brett Wilder, CFP®  
President & CEO



David Wilder, CFP®, CTFA, MST  
Executive Vice President



Rob Siegmann  
Executive Vice President



J. Brock Dexter  
Executive Vice President

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In accordance with regulatory requirements, our Form ADV registration with the U.S. Securities & Exchange Commission (SEC) is available on the website under "For Clients" and "Forms" or by telephone at 513-984-6696.

Your referrals have been an important source for FMG's continued growth. If you know of others ...family members, friends, work associates, etc. who might be interested in our help, please direct them to the FMG website [www.fmgonline.com](http://www.fmgonline.com) for an introduction to our staff and our services. Assure them that we would welcome their contacting us. We encourage and appreciate your referrals, and you can be certain that we will do our very best to help the people you refer achieve their financial management and investment objectives.

Thank you for your trust and loyalty. "We are here to help, *and we can!*"™