

Markets

ESTATE

Planning Professionals



Flourishing Finish to a Memorable 3rd Quarter

STOCKS BLAZED AHEAD IN

SEPTEMBER. The Dow soared 4%, the broader S&P 500 index rose 3.6% and the tech heavy NASDAQ Composite gained 4% for the month. We rode through painful declines during the summer, however, to be in position to enjoy these September gains.

The third quarter was a roller coaster for stocks, starting with mid-summer highs followed by swift drops through mid-August when credit woes drove major indices down. Oil prices hit a high and the dollar hit a low against the Euro. The Federal Reserve helped in September with a half point cut in short-term interest rates. By quarter end, the Dow recovered to close up 3.6%, and the S&P 500 finished just 1.5% ahead.

An action-packed quarter like the one just past clearly demonstrates the value of a discipline like Upgrading, and how important it is to stick to the strategy and not react emotionally. It's not always easy to stay invested -- particularly for new subscribers who have yet to build up significant profits -- but the discipline to follow the system is necessary if you expect to participate in Upgrading's strong long-term performance.

GOING FOR GROWTH

The growth components of major indices have far outpaced the value components so far this year. Recently, the strongest areas are natural resources, communications and technology. Financials and other value sectors have been the weakest. But as always, the highest ranked funds hold a variety of companies and exceptions abound.

BIGGER IS NOW BETTER

The Dow and S&P are easily outpacing the Russell 2000 small-cap index so far this year. The combination of rising demand from strong foreign economies along with a weak dollar are boosting profits of the large multi-national companies that derive a major portion of their earnings from overseas. And growth companies benefit even more. While it is estimated that the companies in the S&P 500 generate 46% of their revenues outside the USA, tech stocks in the index generate 56% of their revenues overseas.

Only Securities & Advisory Services offered through Wall Street Financial Group, Inc.

Member NASD & SIPC
Registered Investment Advisor

Estate Planning Professionals, Wall Street Financial Group & DAL Investments are separate entities; they are independently owned & operated

OVERSEAS MARKETS CONTINUE TO SOAR

Latin American and Asian (ex-Japan) funds surged last month resulting in 12-month returns well over 50%. China was particularly strong with some funds up 20% last month and over 100% in the past 12-months. Diversified emerging markets funds reflect these strong gains. Established foreign market funds enjoyed continued strength. Japanese funds continued to under-perform and represent the only area (except bear funds) with negative returns this year.

4TH QUARTER OPENED WITH A BANG

Historically, the fourth-quarter is the best quarter of the year, and growth tends to outperform value. The Dow climbed in the fourth quarter in each of the last nine years, and in 24 of the past 27 years. The S&P has produced rallies in 13 of the past 15 years. In fact, these last three months of the year generated 63% of the total return achieved by the S&P 500 stock index from 1990 through 2006.*

Thank you for your business,

P. Michael Valley II

**Happy
Halloween!**



*Disclosure: Whenever you invest, you are at risk of loss of principal as the market does fluctuate. Past performance is not indicative of future results. Market Leadership numbers are provided by DAL Investments. You may obtain additional information from www.noloadfundx.com. Wall Street Financial Group, Inc. is not responsible for any information obtained from this website.

Wall Street Financial Group, Inc. did not assist in the preparation of this material, although it is from sources deemed to be reliable, its accuracy and completeness cannot be guaranteed. Opinions expressed are those of the author and are not necessarily those of Wall Street Financial Group, Inc.