

Money Manager Newsletter

October 2007

Investment Consulting Group, Inc.

“We invest to be winners and not...to avoid being losers. Change the investment mindset.”

Avi Nachmany

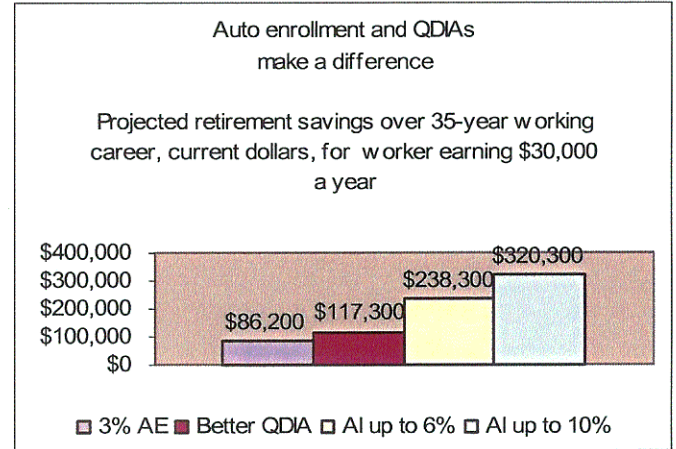
Mortgage Market Facts

Recently, there has been much news and discussion in the media about a part of the bond market and its effect upon our economy. The “sub-prime” mortgage market has always been a non-traditional source of financing for a limited number of homeowners nationwide. The default rates have risen on these kinds of lower quality loans as the economy has slowed, home values have declined and short-term interest rates have risen over 2% in the last three years. This change has caused the bond markets to re-price, something that is healthy for the long term soundness of our financial markets.

Dana Estimates

- \$56 trillion—total net wealth in America
- \$24 trillion—value of U.S. bond market
- \$18 trillion—value of U.S. stock market
- \$10 trillion—value of U.S. home mortgages as of 3-31-07
- \$1.1 trillion—value of sub-prime mortgage market
- \$25-\$100 billion—loss exposure in sub-prime mortgages (.25%-1%)

Mike Dana, Dana Investment

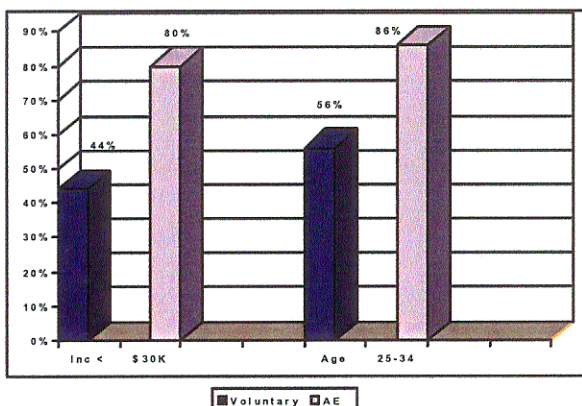


Political Economist

The list of wealthiest people in the world in 2002 contained 9 Americans. In 2007, the list contained 3 Americans. Total economic power can be measured in different ways such as: In 2004, the total U.S. military spending was \$550 billion. The rest of the combined world was \$512.5 billion. Consider this, the United States is composed of 5% of the world population, but consumes 30% of the world economy. Dissatisfaction drives the U.S. economy (i.e., since 1950 living space has increased 250% and 70% of private consumption drives this economy.)

Global GDP purchasing power parity in U.S. Dollars

Automatic enrollment—the benefits
Participation rates by select demographic variables



	2007 "Per Capita"	2007 Global GDP Billion	Year/Year Real GDP Growth
1. U. S.	\$45,175	\$13,675	2.0%
10. Russia	\$13,210	\$1,877	7.2%
11. Brazil	\$9,512	\$1,805	5.0%
12. China	\$8,468	\$11,207	11.3%
13. India	\$4,031	\$4,555	8.0%

Marvin Zonis, Political Economist