

Kicking the Tires

We (Arthur and Steven) have a policy of meeting with Investment Managers on a regular basis. We always do this with the managers that we recommend, as well as with new managers who have contacted us for our consideration. Various members of these organizations come out to see us, but we like to meet with the "decision makers" which most often has to be done at their offices. It also gives us an opportunity to see the whole operation, as it pertains to the investment of our clients' money.

On Friday, August 17th, 2007 we flew to Pittsburgh to meet with Walter Bean who is the Director of Investments for separately managed accounts for Federated Investment Counseling. There were others at the meeting as well, as shown in the picture below. Federated's separately managed accounts invests with an "Equity Income" style with an emphasis on dividend paying companies. Most of our questions (and we had many, as usual) were addressed to, and answered by Walter Bean and Debbie Bickerstaff. Debby specializes in Quantitative Analysis.

We were very pleased with the meeting and felt good about Federated's style and process. We look forward to continuing to work with them, as well as constantly following their operation as well. This is most important. Many people invest with a "company" or particular "mutual fund" not only without knowing the person or persons making the investment decisions, but also not knowing when these people change. Keep in mind. Investment decisions are made by individuals, not by companies. Call it "kicking the tires" or "smelling the weeds" or "whatever" but we feel this is an important part of what we do.

We have other meetings planned and will keep you informed. If you would like to discuss Federated or any other manager with Steven and Arthur, please give us a call. We will be glad to fill you in.



(L to R) Bill Pribanic- Trading, Eric Zettelmayer- Marketing, Steven, Walter Bean- Director of Investments, Debbie Bickerstaff- Quantitative Analyst, Arthur, (Not shown- Dan Casey- Marketing, who took the picture)

DO NOT CALL

Thanks to Janet Sandman for passing this on. Apparently starting in March, cell phone numbers were passed on to your favorite telemarketers (actually all of them).

You can enter your number on the National Do Not Call Registry by doing the following. It's easy. It only took me a few minutes. Just to go www.donotcall.gov. From there you can enter up to 3 phone numbers and your email address. You will then get an email which asks you to click on the link. You will get a screen confirming that the number has been entered. You are asked to print the screen. I think this is important in the event you are getting calls and you need proof that you registered. I just registered 5 numbers, got 5 emails immediately, responded as directed by clicking on the link, and I was done in less than 5 minutes. It's certainly worth it (unless you like getting phone calls). Thanks Janet.

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- Steven Rosenberg..Executive Vice President
- Jacki Simmons.....Vice President
- Denise Clark.....Investment Assistant
- Mary Beth Lightner.....Investment Assistant
- Allen Hefner.....Client Services
- Erica Gurian.....Client Services
- Halina Campbell.....Client Services
- Bill Harbison.....Accounting
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Stock Market

Volatility and the Dow Jones Industrial Average

(by Arthur Rosenberg)

The volatility of the stock market has been either unusually large, or "drastic" according to who you listen to. I am NOT saying that the market has not been volatile, but in my opinion it's effect has been exacerbated by the media hype it has received. It is important to note how the DJII is calculated.

Basically, every change in any stock in the Dow 30 should be multiplied by 8 to get the approximate effect on the average. For example, if ANY ONE of the Dow 30 stocks were to decline by 5 points (and it makes no difference whether it is IBM, currently the highest price stock in this average at approximately \$110 per share or Intel which is around \$24 per share, currently the lowest) this 5 point decline will have the effect of creating a 40 point decline in the average. (Going up has the same effect of course.)

One must also remember that the Dow Jones Industrial Average is now around 13,000. A 500 point advance or decline would be a 3.8% change in the overall average. A large change indeed but as a comparison on October 19th, 1987, the Dow Industrials dropped 508 points, which was a 23% decline. (I do remember that day!)

All I am saying is that we should concentrate on the percentage change much more than the point change. I know how the media makes its money, but PLEASE, keep things in perspective. I guess I get a little tired of the hype. . . *"stand by, after this commercial we will come back with the 'manufacturers index', 'beige book report', 'confidence index', etc."* Personally I never did understand the "Confidence Index." I always thought when the market went up, people were confident and when it went down, they weren't.

One of the reasons that we meet with and speak with the Investment Managers that we use is to satisfy ourselves that they are keeping things well in perspective. We, Arthur & Steven Rosenberg, are both Senior Vice Presidents, Investments of Raymond James, and these managers are investing our and our client's money and we want to feel confident that they maintain focus. We are also not "traders" and neither are the managers we use. It is important that we all maintain perspective.

Welcome Bill Harbison

Bill joined us in June 2007. He coordinates the complex area of tax issues, questions from



accountants, real estate taxes and employer/employee issues.

Bill enjoys life with his wife Madeline. His varied interests include a study of genealogy. He satisfies his love of trains by volunteering for the West Chester Railroad, an eight mile tourist train.