DeBoer Financial Group
Retirement and Estate Specialists

Financial *focus*

Fourth Quarter, 2010

THIRD QUARTER IN REVIEW

Wow— it's already fall and 2010 has proven to be a very wild ride for the stock market!

September was the strongest September on a percentage basis for the Dow Jones Industrial Average (DJIA) in 71 years. *(Source: WSJ, October 4, "Trading Volumes Sink…" C2)*

The Dow increased 7.7% in a fairly steady climb throughout September, rather than the volatile swings seen earlier in the year. It also increased 10.4% for the quarter and year-to-date was 3.5%.

The S&P 500 Index gained 8.5% total return in September, its best September results since 1939 and its fourth best performance for any month in the last twenty years. *(Source: BTN Research)* The S&P 500 is up 3.9% year-to-date through September 30, and ended the quarter at 11.3%.

The NASDAQ also is up 4.4% for the year through September 30. It also increased 12.3% for the quarter.

The stock market has just posted its best September in decades, but the third quarter volume in stock trading was about 25% below the second quarter level. Does September's rally signal a broad return of investor confidence? It appears that some market participants felt less of a need for hedging strategies amid lower volatility.

There were a number of reasons the third quarter ended up on such a high note; there was a lot of good news:

Fears about a worst-case, European-led global meltdown have eased. Though risks still remain, actions to rein in deficits, combined with stiff financial backing from the European Union and the IMF, have investors less worried about the scenario today than they have been in the recent past. *(Source: Kiplinger Letter, August, 2010)*

August of 2010 was the busiest on record for mergers and acquisitions volume worldwide. The $286 billion worth of deals announced marked the highest monthly level since July of 2008, according to Dealogic. *(Source: CNNmoney.com, September 7, 2010)* Global volume of mergers and acquisitions was at $1.8 trillion as of August 31, 2010, up 24% from the previous year.

There was yet more good news this past quarter. BP declared its Gulf of Mexico well permanently sealed on Sunday, September 26. There is much cleanup work to be completed, but at least there is no more oil leaking into the ocean.

Despite all this good news, the question remains, what awaits right around the corner? ***RECOVERY OR RECESSION??***

The U.S. economy and stock market are still sending mixed and confusing signals.

While many investors are making the "glass is half full" argument, thanks in large part to the dismal economy, we have an unhappy public and epic discontent:

- Most Americans are more critical of their government these days, with one report putting trust in government at a historic low of 22%.

Fountains at Roseville | 1013 Galleria Blvd., Suite 205 | Roseville, CA 95678
Tel (916) 797-1888 | Fax (916) 797-4986 | info@deboerfg.com | www.deboerfg.com

- Only 25% have a favorable view of Congress; the lowest favorable ratings in more than two decades.

- Americans don't have much faith in Wall Street either. 71% say they believe the financial industry played a major role in causing the current recession. *(Source: Zogby International, August 9, 2010)*

Confidence is an important but fragile commodity. Lack of confidence in the course of the recovery has caused great concern for the various stock markets for much of this year. Only in September did many investors finally see enough positive economic data and corporate earnings growth to budge stocks upward again.

U.S. ECONOMY

The recession is over. (In September, the National Bureau of Economic Research announced that the recession officially ended in June, 2009.) But, is the economy really growing? Yes, although so slowly that most Americans probably can't feel it yet. With millions of would-be workers jobless, foreclosures rising and home prices still as low as they are, to many folks, it may feel as if the economy is still shrinking. The problem is that it is such a long climb back up from the trough that the economy fell into. The trend is in the right direction, but unemployment, output, real estate, housing construction and sales fell so sharply that it could be months or even longer before we can see much daylight. *(Source: Kiplinger Letter, August 2010)*

Unfortunately, when growth is weak, unemployment is likely to remain high, and wage growth will be low or non-existent. That makes it difficult for consumers to increase spending or businesses to either raise prices or justify investing in expansions.

Even as job creation remains weak, U.S. companies are rebounding and corporate profits are at record levels. This is the result of companies' efforts to aggressively retool their operations to cope with lower revenue and an uncertain economic outlook. An analysis by the Wall Street Journal found that the companies in the S&P 500 Stock Index posted second quarter profits of $189 billion, up 38% from a year earlier in their sixth-highest quarterly total ever, without adjustment for inflation. The strong growth is expected to continue for the fourth quarter as companies begin reporting their results.

Despite profit levels, many business executives find the increasing government regulation at the U.S. corporate tax regime discouraging for new business, job creation and capital investment. The combined federal and state corporate tax rate is 39.1%, the second highest overall corporate tax among industrialized countries, according to the 2009 paper from the Tax Foundation. *(Source: PIMCO U.S. Credit Perspectives, July 2010)*

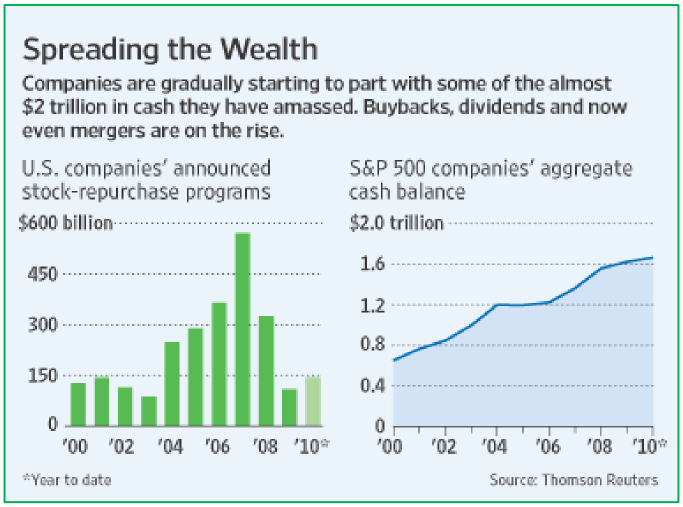
Many investors believe that corporate investment will be an important aspect of economic growth. Despite the hefty profits, most companies are not expected to boost spending on new employees, products, or equipment any time soon.

Employers usually keep a lid on spending for as long as two years after the bottom of the recession, then invest as demand stabilizes, according to Ed Yardeni, President of Yardeni Research, an economic consulting firm. *(Source: WSJ, October 4th, "Propelling the Profit Comeback" B1)*

Many corporations are holding record amounts of cash in low yielding fixed-income instruments, nearly $1.8 trillion, which is $600 billion more than normal, as they wait to see the outcome of policy and regulatory decisions, according to Martin Regalia, chief economist at the U.S. Chamber of Commerce. "As a rule, businesses don't hold that kind of cash, because it doesn't earn anything," said Mr. Regalia. *(Source: Investment News, "Retroactive estate tax for 2010…" August 22, 2010)*

To many shareholders looking for a fair return on their investment, this appears to be an unsatisfactory use of resources. Dividend increases, stock buybacks, acquisitions and higher capital spending would seem to be more appropriate uses of corporate cash than leaving it in these low yielding instruments. It's possible that there could be a surge in special dividends during the last quarter of 2010. These are often one-time payouts and sometimes companies pay them even if they don't make regular distributions.

Corporations have good reason to share some of their profits sooner rather than later. Unless Congress acts before the end of the year, the top federal income-tax rate on corporate dividends will rise from 15% in 2010 to nearly 40% in 2011! Any corporate dividend paid by the end of December, special or regular, will qualify for the lower 15% tax rate. Please remember that the prospect of the special dividend should not by itself be the reason to buy a stock. Don't let the tax tail wag the dog!



Source: WSJ, August 23, 2010

GLOBAL ECONOMY

World trade has come roaring back. The total volume global imports and exports fell 21% between April 2008 and May 2009, the largest decline since the 1930s. By this June, trade is back to within 2% of its old peak. The collapse and rebound in trade played an important role in the global recession and recovery; now it may be the key to how strongly the global economy can grow.

The International Monetary Fund (IMF) said that the global economy had grown faster than expected in the first half of 2010 and predicted that it would grow by 4.8% over the year as a whole. The IMF forecasted that global growth, however, would slow to 4.2% in 2011, and warned that economic recovery still remained fragile.

America and other developed economies, especially in Japan and Western Europe, are expected to experience continued sluggish growth in the coming year because of budget cuts. The IMF also expected that emerging markets would continue to boom. *(Source: The Economist, October 9, pg 16)*

At first glance, the recovery seems in pretty good shape. The 4.8% growth is well above the recent growth rate of 4%, yet this hides a series of problems. For example, there is a gap between the vitality of the big emerging economies (some of which are close to 10% growth) and the sluggish growth of many developed countries.

INDIA VS. CHINA

China has been expanding at a staggering pace. For the past three decades, the economy has grown by an average of 10% per year, lifting an astonishing 500 million Chinese out of poverty. Although its growth is expected to slow this year to less than 9%, China's GDP is projected to be $5.36 trillion. *(Source: The Week, October 8, 2010, "Cracks in China's Engine")*

After three decades of spectacular growth, China passed Japan in the second quarter of 2010 to become the world's second-largest economy behind the United States. (Japan had the world's second-largest economy for much of the last four decades, according to the World Bank). China's rapid growth suggests it will continue to compete fiercely with the United States and Europe for natural resources.

Although its economy is a third the size of the American economy, China passed the U.S. last year to become the world's largest market for passenger vehicles. China also passed Germany last year to become the world's biggest exporter. *(Source: New York Times, "China Passes Japan as Second-Largest Economy)*

Many emerging markets that have weathered the recession face a new task: inflation, driven by a mix of high domestic demand, government spending and foreign investors. China has an additional worry: escalating real estate prices. China, India, Brazil, and other emerging markets are increasing their interest rates to keep prices from getting out of control.

Some economists think India will grow faster than any other large country over the next 25 years. Rapid growth in a country of 1.2 billion people does not happen very often. *(Source: The Economist, October 2, 2010, India's Surprising…")* There are two reasons why India may soon start to outpace China. One is demography, which is China's one-child policy that will affect China's workforce. The second reason for optimism is democracy. There are many differences between China and India, and some complain that India's democracy is unpredictable and working with China is often much easier to deal with. *(Source: The Economist, "India's Surprising Economic Miracle")*

UNEMPLOYMENT

The U.S. economy lost 95,000 jobs in September. This was more than expected, thanks to a smaller-than-forecast rise in private-sector employment to offset cuts by state and local governments. The jobs report increased expectations that the Fed would take more steps to stimulate the economy at its next meeting. *(Source: Barron's, October 11, "Punk Payroll…" pg 8)*

QUANTITATIVE EASING

Many investors believe that the Federal Reserve will have to launch another big bond-buying program by the end of the year to help keep interest rates low and prevent the economy from tumbling into another recession. This is referred to as "quantitative easing" (QE).

The bond market has had a hefty rally over the past several weeks and recent remarks from federal officials that both unemployment and inflation are at unacceptable levels, suggest that additional federal support may be necessary. One goal of bond buying would be to pull the yield on bonds down even further, including bringing mortgage rates down, too, in order to help spur growth. *(Source: Barron's, October 11, "How to Play the Big Easing" pg 14)* Mortgage rates in the U.S. continued their decline through October 8, 2010 with the 30-year fixed-rate mortgage at 4.27%, a record low. *(Source: Freddie Mac, October 8, #26)*

QE creates more money to purchase assets and is often used as a way to stimulate the domestic economy by lowering the costs to finance and putting more money into the banking system. Unfortunately, the creation of extra money in one country often drives down its price in terms of other currencies. In the six weeks since the Federal Reserve began discussing the prospect of a further easing monetary policy, the dollar has fallen 7% against a variety of currencies. *(Source: WSJ, October 8, "Dollars Fall Roils World" A1)* It is important to remember that despite various monetary problems today, the U.S. dollar is still the most highly regarded and highly rated currency.

The prospect of further QE by the Federal Reserve helps to explain why gold, equities and bonds are all performing well at the same time. Gold investors are buying bullion in case the central banks print more money and that usually leads to inflation. Stock markets are hopeful that QE will eventually work to revive the economy and head off the prospect of a double-dip recession.

In addition, the yields on many bonds have fallen because the Federal Reserve often spends most of the QE money buying our own country's debt. According to Dhaval Joshi of RAB Capital, an investment management group, there have been only four other quarters since 1980 when gold, equities, and Treasury bonds have strengthened simultaneously. *(Source: The Economist, October 9, "The Magic Bullet")*

So why aren't more bond investors reacting with more alarm to the process of money creation, which is often a cause of inflation? One possibility is that, with inflation and deflation both possible consequences of a debt crisis, some investors are buying gold as a hedge against inflation and bonds as a hedge against deflation.

INFLATION OR DEFLATION

Will it be deflation, inflation, or both? Either inflation or deflation could be damaging to businesses.

During high inflation, rising costs eat into the bottom line, and companies may not be able to boost profits to fully compensate. The deflation worry is that consumers, expecting prices to fall, will cut back on purchases. Why buy something today that is expected to cost less next week? That in turn can lead to more layoffs, and therefore less demand, and trigger a spiral of sliding prices.

So, what can investors do to guard their portfolios in the event of deflation *or* inflation? There is no absolute answer and individual situations will vary, but many investors believe that blue-chip stocks that pay dividends and technology shares often do well in either scenario. However, there is no guarantee of this, so diversification among different asset classes appears to be prudent. *(Source: WSJ, October 4, "Inflation or Deflation")*

Many investors believe that emerging markets with strong fiscal and trade surpluses and strong economic growth should also hold up well, along with bonds, during a deflationary period. Cash is king in a deflationary environment. While investors may not earn much interest, cash gains in value while prices fall.

Inflation has dropped considerably over the last ten years, and compared to a year ago, overall prices are up just 1.3% and "core" CPI – excluding food and energy – is up only 1%. Inflation is expected to vary in different countries, with about 1.5% forecast for the U.S.

One of the reasons for such a low inflation is that many consumers are afraid to spend and instead are saving. The nation's savings rate was 5.8% as of August 31, 2010. Just three years ago it was 1.7%. *(Source: BTN, October 11, 2010, Commerce Department)*

Although this usually would be good news, the U.S. economy is dependent on consumer spending. Figures released by the Commerce Department in July showed that 70% of the nation's Gross Domestic Product (GDP) is made up of consumption. When we spend less, we grow more slowly and we create fewer jobs.

So, how do we get people to spend now rather than wait? That is not so easy to do. For many, there is a psychological block that is hard to overcome.

For reference, see the economy of Japan, which has been stuck with this type of problem for most of the past 25 years. For that period of time, Japan (and more recently the U.S.) chose to substitute government spending for private consumption. It hasn't worked for the Japanese and it may not work for us either.

Until consumers have more confidence and a feeling of greater security, they are not likely to increase their spending and we are not likely to see much of a recovery. *(Source: Bob LeClair's Finance & Markets Newsletter)* So remember, it's not just shopping, it's retail therapy!

GOLD

Some investors are looking to participate in the recent price increase in gold, especially since the price of gold hit new highs on October 13, 2010. At $1,374.80 a troy ounce, the metal has risen 22% thi year. *(Source: Dow Jones Commodities News via Comtex, October 13, 2010, "Gold Futures Breach $1,370 As Dollar Weakens")* Some investors are forecasting the gold rally has further to go, whereas others aren't so sure.

The dramatic run-up in the price of gold raises the question: Is it going to burst any time soon?

Gold averaged $1,166 since January 2010, headed for a ninth consecutive year of higher-than- average prices. That is the longest streak since at least 1920. *(Source: Investment News, August 31, 2010, "Is Gold Rush the Latest Tulip?")* The price of an ounce of gold is up about 30% in the last year, and over 400% in the last ten years. How does that relate to actual returns for investors?

The truth is that gold has steep hidden costs, which are not included and deducted from profits:

1. **Higher taxes.** The IRS taxes gold as a collectible. That means a long-term capital gains tax of 28% (compared with 15% for long-term capital gains on stocks and most other investments).

2. **Zero income.** Many long-term investors cannot afford to stash their savings in their safe for a long period of time. Income is a very valuable feature of many investments and gold, unfortunately, does not provide that.

3. **Unscrupulous activity.** Gold is a ready-made retail sales item, and with that comes all sorts of possible fraud, including false gradings on the quality of coins and the use of alloys instead of pure gold, to name a few.

4. **High ownership and storage costs.** Gold can carry high transaction costs and commissions, significant markups, and the additional cost of storage. You have to pay a fee for a safe-deposit box (if you purchase gold bullion), which can be quite expensive depending on how much gold you have.

Although gold may never become worthless, remember that it can still lose value and it is extremely volatile. For example, after reaching a record high of $850 per ounce in early 1980, gold plummeted 40% in two months. The average price for gold in 1981 fell to a mere $460 per ounce, then finally bottomed with an average price of around $280 per ounce in 2000. Those who bought gold at that 1980 high waited 28 years to reclaim the $850 level. (For comparison purposes, from 1989 the Dow Jones rose more than tenfold.) Past performance does not guarantee future results. *(Source: Market Watch, September 29, 2010, "Five Hidden Costs of Gold")*

The previous bull market in gold coincided with a sharp increase in inflation. Today, with inflation appearing to be tame, at least for the moment, fear seems to be the source of the obsession that has led to a tripling of bullion prices in only about five years. Gold is considered a strategic investment during economic uncertainty, a hedge against a weakening dollar, among other things.

When the dollar is in favor, gold decreases in price and vice versa. So when you play the gold market, you are really betting on the dollar's future, not inflation. *(Source: WSJ, August 21, 2010, "Rethinking Gold")*

INTEREST RATE RISK

You may have heard the federal government is facing budget deficits that are larger as a percentage of GDP than at any time since World War II. However, many investors are not aware that Uncle Sam is using short-term funding to satisfy many of its long-term liabilities.

More than 60% of America's debt is set to mature within the next three years. To be precise, $5.2 trillion of U.S. debt comes due in the next three years out of $8.3 trillion outstanding. The weighted average cost of U.S. debt is only 1.21%. *(Source: WSJ, September 10, "Treasurys and the Danger…" A15)* If interest rates were to increase, the additional expense would be substantial.

Many investors have shortened the duration (how long it takes investors to get their money back) of their bond portfolio and are concerned that deficit spending could force inflation higher.

If inflation should start to increase, the Federal Reserve may start to raise interest rates to keep inflation from getting out of control.

If interest rates go up, bonds usually go down in value. Remember, a bond earning a low interest rate loses more value when interest rates rise than a bond earning a higher interest rate.

Interest rates do not have to rise much for long term bond investors to realize substantial losses. If, over the next year, interest rates on the 10-year Treasury rise to a level reached last April of 3.99%, the return on the bond would be a loss of 9% (including interest paid). If rates would rise to 5.3%, which is the level reached before the financial crisis, the loss would double to -18%. (Numbers computed from the August 31, 2010 rate of 2.47% of the 10-year Treasury.)

Interest rates do not have to go up for bonds to go down. The *fear* of interest rates going up is often enough for the demand and value of bonds to go down.

Given the extraordinarily low interest rates on bonds, many investors are considering other investments, such as stocks with earnings that comfortably cover their dividends. Currently, many companies comply with this requirement. In fact, the ten largest U.S. dividend payers (AT&T, Exxon Mobil, Chevron, Proctor & Gamble, Johnson & Johnson, Verizon Communications, Philip Morris International, Pfizer, General Electric, and Merck) support an average dividend yield of 4%—about 1.5% ahead of the current yield on a 10-year bond. And their earnings cover their expected dividends by a ratio of more than 2 to 1*. (Source: Yahoo Finance, September 17, "Bond Risks & How to Beat Them")* Of course, investors have to factor in the greater volatility of stocks and their lack of guarantees. The payment of dividends is not guaranteed. Companies may reduce or eliminate the payment of dividends at any given time.

Still, bonds can be riskier than some investors appreciate. Interest rates are at their lowest levels since the 1950s. Investors who grasp for that last percentage point of yield and buy long-term bonds are making a gigantic bet that rates will fall even further or at least hold even. Anything else could expose them to serious losses, which happened in the late 1970s. Long-term rates spiked past 13% by 1980, causing the value of some conservative longer term bond portfolios to drop by 50%. *(Source: Forbes.com, September 13, 2010, "How to Protect Your Bond Holdings")*

With interest rates in the U.S. near historically low levels, the question really isn't if they will rise, but when. In their rush to safety, bond investors have been willing to tie their money up for long periods in exchange for very little return. Unfortunately, if inflation should rear its ugly head, interest rates will rise in response and the bond level will burst. If that were to happen, investors would still receive their investment back if they held their Treasury bonds until maturity, but not in real terms of course. Worse, if they were to sell after interest rates rose, but before the bonds matured, investors would suffer a capital loss.

FALL ELECTION

The consensus is that the mid-term elections could result in Republicans taking control of the House and gaining more seats in the Senate, which would result in dramatic changes on Capitol Hill. However, even if the Republicans take control of the House, they would need to achieve 60 or more seats in the Senate in order to have full control, which isn't likely. Republicans and Democrats will have to work together to score any significant legislative victories.

Unfortunately, "gridlock" appears to be the goal of some politicians on both sides of the aisle. Many hope that the election results will trigger a period of compromise and cooperation in dealing with the many issues facing our country, economically and otherwise. The political differences have created one of the most important subjects to overcome, is the U.S. becoming more Socialist or will Capitalism once again prevail?

NEW TAX LAW CHANGES

Consumers and businesses lack certainty about the future impact of income taxes. We likely won't know anything about the tax law changes until after the November elections. President Obama wants to keep current tax breaks for lower and middle income taxpayers, but favors higher rates for the wealthiest 3% of Americans, singles whose taxable income exceeds $200,000 and married couples with taxable income above $250,000. Congressional Republicans argue that current tax rates should be extended for everyone, noting that many of the taxpayers targeted for tax hikes are small business owners and that higher taxes on them could derail the economic recovery.

Normally, it makes sense to reduce your income and increase tax deductions as a way to reduce your tax bill. That is probably what you should continue to do if Congress extends the current tax rates for your income level. But, if your tax rates increase in 2011, it may make more sense to reverse those strategies. In that case, consider accelerating any discretionary income into the current year, when your income tax rates are lower. To the extent you have control over itemized deductions, such as when you make charitable contributions, you might want to push donations into January when they will deliver a bigger tax-saving bang for each buck you deduct.

Congress's inability to decide what to do about the expiring Bush-era tax cuts means you can procrastinate on your year-end tax planning guilt-free! We will keep you updated as the government finalizes what they are going to do with the tax laws.

REAL ESTATE

Unfortunately, housing prices are still falling in many places throughout the U.S., including Northern California. Many prices are still dangerously high compared to incomes and rents. In some areas it is still much cheaper to rent than to own the same size and quality house.

There is still a massive and growing backlog of home foreclosures. Millions of homeowners have stopped paying their mortgages and many banks are doing very little about it. Someday, many predict, foreclosures will become a thing of the past, but unfortunately these foreclosures could decimate the prices and reduce the home values even further. There is also a huge glut of empty new houses. Many builders have a huge excess inventory that they cannot sell at current prices and therefore the housing slump could get worse. When you add all of this, on top of the record number of houses up for sale at this time, it appears that there is still a very good likelihood of prices softening at this time. Be sure that you weigh all the pros and cons very carefully before purchasing any real estate in this current environment.

CONCLUSION

Today's investment climate appears to be a paradox, a desire for safety and a craving for yield. In fixed-income markets, the flight to safety has driven bond yields to all-time lows. At the same time, investors are pouring money into emerging markets and junk bond debt at a record pace. In the stock markets, many investors are torn between their frustration at the lousy returns of blue-chip stocks over the past ten years and their expectation that stocks should outperform other investments. As a result, many of the least-risky blue-chip stocks are still extremely cheap, while the shares of some firms with less-predictable or speculative prospects are expensive. *(Source: Kiplinger's Personal Finance, November 2010)*

As this report has shown, there are obviously many factors to take into consideration before investing into anything! However, you should still consider keeping an adequate liquidity, diversifying properly, and maintaining your risk tolerance level.

If you have any questions on any of these subject matters, please write them down and we would be happy to discuss them with you personally. **As always, we appreciate and thank you for being our client.**

Please pull out your calendar and Save the Date! We will be sending you an invitation to a special client Holiday Movie Event on the morning of Saturday, December 4. Watch your mailbox!

Note: Presented by Jeffrey W. DeBoer The views stated in this letter are not necessarily the opinion of Commonwealth Financial Network., and should not be construed, directly or indirectly, as an offer to buy or sell any securities mentioned herein. Investors should be aware that there are risks inherent in all investments, such as fluctuations in investment principal. With any investment vehicle, past performance is not a guarantee of future results. Material discussed herewith is meant for general illustration and/or informational purposes only, please note that individual situations can vary. Therefore, the information should be relied upon when coordinated with individual professional advice. Due to volatility within the markets mentioned, opinions are subject to change without notice. Information is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed. Indexes cannot be invested in directly, are unmanaged and do not incur management fees, costs or expenses. No investment strategy, such as asset allocation, can guarantee a profit or protect against loss in periods of declining values. International investing involves special risks not present with U.S. investments due to factors such as increased volatility, currency fluctuation, and differences in auditing and other financial standards. These risks can be accentuated in emerging markets. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio in any given market environment. Rebalancing investments may cause investors to incur transaction costs and, when rebalancing a non-retirement account, taxable events will be created that may increase your tax liability. This optimism about the future does not minimize the fact that we have gone through one of the worst economic periods in market history. Remember that equity markets are volatile and an investor may lose money and there is no guarantee that securities will appreciate. This material contains forward looking statements and projections. There are no guarantees that these results will be achieved. The price of commodities is subject to substantial price fluctuations of short periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities is widely unregulated and concentrated investing may lead to higher price volatility. In general, the bond market is volatile, bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. The investor should note that investments in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default. Investments in real estate have various risks including possible lack of liquidity and devaluation based on adverse economic and regulatory changes.

Sources: Wall Street Journal (6/8/10, 6/10/10, 6/11/10), By The Numbers (3/15/10, 5/24/10, 6/14/10), Barron's (6/14/10), Times Magazine (5/3/10), Kiplinger's Personal Finance (6/9/10, 8/2010),The Economist (6/5/10, 6/19/10), Bob LeClair's Finance Newsletter (6/26/10), Forbes (7/19/10), Nick Murray Interactive (September 2009), Fortune Magazine (5/24/10, 7/5/10), Market Watch (7/8/10), Dow Theory Forecasts (6/14/10), Investment News (7/6/10), AARP Magazine (June 2010), Monday Morning Outlook (6/7/10) © MDP, Inc

Financial *focus*

Fourth Quarter,

DeBoer Financial Group
Retirement and Estate Specialists

Fountains at Roseville
1013 Galleria Blvd., Suite 205
Roseville, CA 95678
Tel (916) 797-1888 | Fax (916) 797-4986
info@deboerfg.com | www.deboerfg.com

Inside this Issue: *Page*

Third Quarter in Review 1
U.S. Economy…... 2
Global Economy 3
India vs. China 3
Unemployment........ 3
Quantitative Easing........ 4
Inflation or Deflation 4
Gold........ 5
Interest Rate Risk 5
Fall Election 6
New Tax Law Changes 6
Real Estate........ 7
Conclusion........ 7

DeBoer Financial Group
Retirement and Estate Specialists

Fountains at Roseville
1013 Galleria Blvd., Suite 205
Roseville, CA 95678

Please Read!
Quarterly Update Enclosed