FMG
Registered Investment Advisor

FINANCIAL MANAGEMENT GROUP, INC.

"...to place our clients' interests first, to provide comprehensive financial planning and investment management, and to be a premier provider of innovative and timely strategies that ensure every client meets their established lifetime objectives."

ECONOMIC & INVESTMENT OUTLOOK – 3rd Quarter 2007

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

Index	Jul-07	QTD	YTD	Description
S&P 500 Index*	-3.20%	-3.20%	2.61%	Large-cap stocks
DJIA*	-1.47%	-1.47%	6.00%	Large-cap stocks
Nasdaq Comp.*	-2.19%	-2.19%	5.42%	Large-cap tech stocks
Russell 1000 Growth	-1.55%	-1.55%	6.45%	Large-cap growth stocks
Russell 1000 Value	-4.62%	-4.62%	1.32%	Large-cap value stocks
Russell 2000 Growth	-5.19%	-5.19%	3.65%	Small-cap growth stocks
Russell 2000 Value	-8.51%	-8.51%	-5.04%	Small-cap value stocks
EAFE	-1.46%	-1.46%	9.47%	Europe, Australasia & Far East Index
Lehman Aggregate	0.83%	0.83%	1.82%	U.S. Government Bonds
Lehman High Yield	-3.54%	-3.54%	-0.77%	High Yield Corporate Bonds
All returns are estimates as of July 31, 2007. *Return numbers do not include dividends.				

Contrary to the general financial consensus, our economic and investment outlook and portfolio management tactics continue to reflect concern about the widening disconnect of overachieving equity investment performances from deteriorating fundamental economic indicators. Moreover, the longer the partying for equity investments goes on, the more painful will be the hangover. Here are several warnings we see becoming increasingly disturbing, and which contribute to the reasons why we have tactically locked in investment gains and rebalanced the portfolios to have a more defensive positioning against downside risk.

- The U.S. consumer is experiencing financial hardship resulting from a chronic spending vs. saving mentality. We foresee a consumer-driven recession beginning within the next twelve months attributed partially to higher gasoline and energy prices, as well as from the housing bubble created by the prolonged loose money policy of the Federal Reserve.

- The investment community is operating with a "see no evil" market speculation reminiscent of the late 1990's equity mania. So often forgotten is the experience of greed turning to grief, and currently a lot of greedy activity is going on because of the shared unrealistic belief that the daily market upticks will continue endlessly. Few people today realize that the S&P 500 Index took seven years, until May 2007, to recover to its previous all-time high set in March 2000 during the height (and then fall) of the technology boom. Whereas, our diversified "win by not losing" investment approach enabled the portfolios to fully recover and move ahead within approximately twelve months.

- There is a two-headed global LBO (leveraged buyout, private equity) monster rearing both its heads, and this usually appears when investor speculation becomes rampant. The one LBO head is taking publicly traded corporations and making them private, while the other LBO head is making itself a publicly traded corporation. Both of these heads are being fed by greedy investor enthusiasm and borrowed money (leverage). This in turn artificially increases the supply of investment money used to rev up an already red-hot equity marketplace.

We are here to help, *and we can!*

10979 Reed Hartman Highway
Suite 209
Cincinnati, OH 45242

phone 513.984.6696
fax 513.984.9270
www.fmgonline.com

135 Garfield Place
Unit 101
Cincinnati, OH 45202

- The Federal government (on both sides of the political aisle) continues to ignore the ground rules for fiscal responsibility. Ignoring a high domestic debt level, a record international trade deficit, and a continued weakening of the currency exchange rate for the U.S. dollar is irresponsible. Unfortunately, the political reality is that this mess has to worsen until one day financial pain dictates reform.

In summary, it is our fiduciary responsibility as your financial advisor not to ignore the macroeconomic deterioration we are observing while the investment community continues to party. Accordingly, we have tactically weighted the asset classes to protect the portfolios against the equity turbulence that we are expecting, as well as to have liquidity available for opportunistically rebalancing. As we have emphasized many times before, portfolio rebalancing is a tactical portfolio tuning process, not market timing. Those clients who have been with FMG during previous precarious investment periods remember the comfort they felt when they "won by not losing". We encourage you to discuss with us any aspects of the structure and performance of your investments for a better understanding of how you will benefit from this investment approach.

Warmest regards,

Brett Wilder	David Wilder	Robert Siegmann	Brock Dexter
Brett Wilder, CFP®	David Wilder, CFP®, CTFA, MST	Rob Siegmann	J. Brock Dexter
President & CEO	Executive Vice President	Executive Vice President	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.

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