

Leading InvestorsSM

QUARTERLY COMMENTARY ON INVESTMENT
 FALL/WINTER 2007

Q: What kind of questions should I ask my St. Germain financial advisor?

A: Any question.

During the course of conversation, people often say, “Can I ask you a dumb question?” Well, the advisors at St. Germain do not believe there’s a “dumb question” when it comes to managing your finances. Don’t let apprehension get in the way of sound advice and experience. It’s okay to ask the advisors at St. Germain any question you may have. So, go ahead — we’ll give you the straight answers you’re looking for.

Here are some issues we’ve addressed recently:

Q: *I have heard a lot about long-term care insurance. Should I buy that?*

“It is wise to consider purchasing long-term care in your late 50s and early 60s ... the premiums can be significantly lower at that age. In general, we recommend life insurance in the “first-half” of life, especially when you have children to support and a mortgage to pay. Once those obligations are completed, consider shifting payments and buy long-term care insurance for your elder years. But take note that we said ‘consider’ because a lot depends on your individual circumstances.” — *Paul J. Marchese, Senior Vice President*

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St. Germain
 Monday 9:30
 retirement?
 long-term care?
 health ins.?

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Q: My friend told me she invests in lifecycle funds ... are these right for me?

“Lifecycle funds are typically set up so that an investor selects the year he or she will retire, or need the money, then the investment company determines the allocation. In my professional opinion, **lifecycle funds are not the solution** — they assume that all people who retire in a certain year have the same goals. It’s far more appropriate to create a customized allocation for each and every investor based on his or her unique circumstances.”

– Brendon C. Hutchins, CFP, Vice President

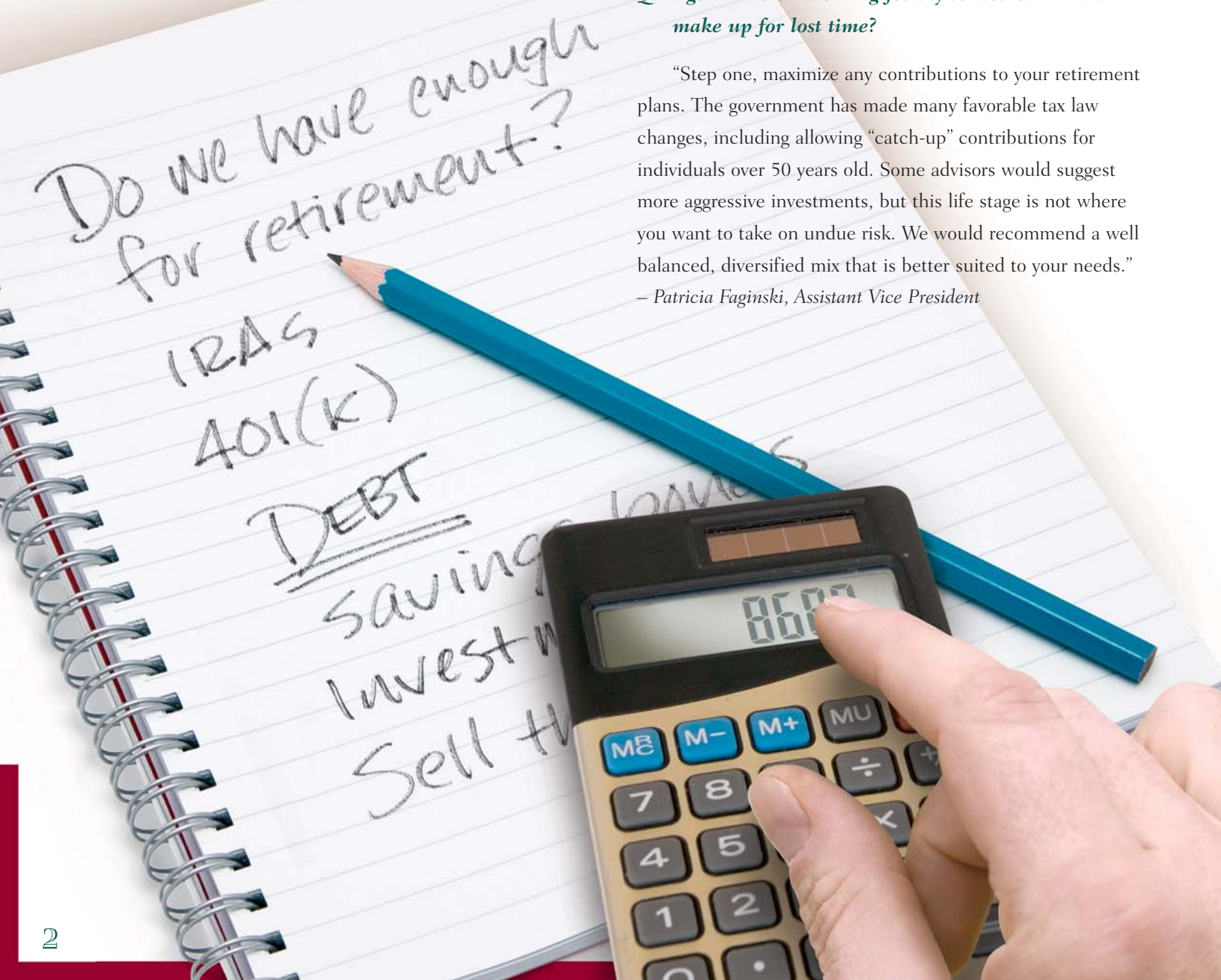
Q: Do you specialize in any industry? I know that some firms lean more towards telecom or life science stocks.

“We don’t specialize in business sectors or any one type of stock or fund. Each St. Germain client account is custom built for that client. **We specialize in working with customers to develop a portfolio that’s “fitted” to their specific needs.** Mutual funds, and other investment vehicles, have a cookie-cutter approach where all customers, regardless of their risk profile, tax situation or goals, get the same thing.” – Denis M. Horrigan, Vice President

Q: I got a late start saving for my retirement ... can I make up for lost time?

“Step one, maximize any contributions to your retirement plans. The government has made many favorable tax law changes, including allowing “catch-up” contributions for individuals over 50 years old. Some advisors would suggest more aggressive investments, but this life stage is not where you want to take on undue risk. We would recommend a well balanced, diversified mix that is better suited to your needs.”

– Patricia Faginski, Assistant Vice President



Q: *What are you trying to sell me with the Total Financial AdvisorySM service I've heard about?*

"First of all, we do not "sell products." All of us want to help provide solutions to your financial goals. We typically sit down with you to learn about all aspects of your financial situation. **The Total Financial Advisory is our way to help you make your financial life easier in any way possible.** All of our clients are invited to call at any time to ask questions about their statements, portfolio, annual investment planning and taxes."

– Paul J. Valickus, CFA, CFP, President, Director

Still have questions? Call toll free 800-443-7624 and talk to the experts. It's never too late to start.

Congratulations Denis!



The Hartford Business Journal selected Denis Horrigan, Vice President from a select pool of over 120 nominees as one of the "Forty under Forty" to watch! "This is an important acknowledgment for people who can make a difference," said Vincent Michael Valvo,

editor, "We solicit nominations in May from the business community and by July, we get to our final forty."

While the HBJ editorial committee champions the evaluation process, two outside business leaders contribute their due diligence. **"In order to be nominated, these professionals must show demonstrated proficiency and achievement in their field,"** adds Valvo, **"as well, they must be contributors to the community. A lot of what they do is significant and to achieve such things before reaching forty is not a small task."** Join us in congratulating Denis for being one of the 2007 recipients.

TOP 5 *Helpful Hints from the Investment Experts at St. Germain*

Questions You'll Hear at Your Total Financial Advisory Meeting

St. Germain's advisors know your time is valuable, so the answers to these five questions will probably answer 90% of what we need to know to help define your strategy to reach your financial goals.

1 *"Do you have financial goals for the rest of this year?"*

We ask this question because it gives us a chance to examine your short-term objectives. Some of your financial objectives may be ambitious given their nature and the time involved. Other goals may be more immediately attainable.

2 *"What financial goals do you have for the long term?"*

Long term can mean many things — five years? Ten years? Twenty years or more? Exploring this question gives us a chance to look at a longer time horizon that makes sense to you and your specific needs.

3 *"Do you have specific plans for retirement?"*

Believe it or not, some people don't have any specific plans at all, let alone the expertise to financially manage key objectives. St. Germain carefully evaluates just what you need to help fill out your retirement plans.

4 *"What types of investments do you currently have?"*

Many people are surprised at how inefficient some of their investments are. St. Germain will review your current investment statements, CDs, real estate holdings, and everything else in between.

5 *"What kind of debt are you carrying?"*

Why is this important to know? Well, if you're carrying a lot of debt with high interest rates, that could impact how you plan for the future. A St. Germain Total Financial Advisory takes a look at your *entire* financial picture, not just details about savings and investing.





GOOD NEWS IS NO NEWS

(WHEN IT COMES TO LONG TERM INVESTING.)

BY MICHAEL MATTY

CFA, CFP, CHIEF INVESTMENT OFFICER

Oil hitting new highs. Gold hitting near record highs. The housing market showing signs of extreme stress. Does this sound like the recipe for a stock market that is also near new highs?

Relax. The market has properly accounted for all the above, and we are not concerned at all. But it does add some insight, namely that A) The market is a forward looking vehicle, and B) the daily 'noise' that you hear on the business channels can be safely ignored. **Let the people you have entrusted to watch over your assets do the worrying. You have better things to do.**

How do we do a better job of worrying? We temper that daily noise with a strong dose of discipline. In fact, we actually find the noise helpful because of the opportunity it creates. It causes a lot of other investors to feel panicky, demonstrated by their constant buying and selling. **A long term investor investigates, applies some discipline, makes an informed analysis, then decides on a course of action.** Knee-jerk reactions by others do create opportunities for you.

The market is doing well year-to-date, despite a rough patch or two. St. Germain's perspective on the market is:

1. **Corporate earnings remain healthy and are one of the greatest indicators of stock market performance.** Besides, corporate earnings are still growing at a respectable pace.
2. **Global economies continue to grow.** Even if the U.S. consumer shows a little hesitation, there is plenty of global consumer growth.

3. **Interest rates in the U.S. are coming down.**

This tends to drive money into stocks, because bonds and CDs appear to be less attractive options.

4. **Valuations on many stocks remain attractive.**

We might be worried if the valuation of the market were stretched, but it looks quite reasonable based on historical measures.

We see nothing on the horizon to change these market underpinnings and we'll continue to look for select opportunities in individual securities. Our discipline allows your portfolio to benefit over time.

The bottom line? Don't worry about much of the daily news that TV business channels are compelled to create in order to fill their time slots. Analysis of the news is what matters, and that's what you've hired us to do. So devote your television time to being entertained. **Market conditions remain favorable for investors. As we see them change we will alter your portfolio accordingly.**

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