QUANTITATIVE ASSET MANAGEMENT, LLC
Investment & Advisory Services

Newsletter

October 15, 2007

Dear Clients,

The third quarter brought with it a great deal of volatility in both the equity and bond markets. The equity markets saw plus 10% swings from peak to trough and back to peak highs during the quarter. The fixed income markets saw a significant flight to safety as the sub-prime mortgage crisis spread to other types of investments.

Quarter Ending September 30, 2007		
Year to Date Performance	**YTD**	**Last Full Quarter**
Dow Jones Industrial Averages	13.30%	4.18%
NASDAQ Composite Price	11.85%	3.78%
Standard & Poor's Averages	9.12%	2.03%
Lehman Brothers Muni Bond Index	1.99%	1.84%
Lehman Brothers Bond Index	4.03%	3.01%
EAFE	13.58%	2.23%

You are now beginning to see the financial institutions report their significant losses in their portfolios. The mark to markets and pricing adjustments will last a few more quarters, and have a negative impact on earnings.

The mortgage market crisis and the much higher cost of energy will slow the economy even further. These added costs will have a negative impact on consumer spending and thus make earnings comparisons look weak in coming quarters. This should diminish investor enthusiasm. This is the bad news.

The good news is "The Fed is on guard." The surprise 50 basis points drop in rates sent the markets back up. This gave investors some comfort but it also signaled a real concern that we were headed for a meltdown. The Fed's diligence will keep these markets from imploding.

The old adage "when the U.S. economy sneezes, the rest of the world catches a cold" is perhaps not as relevant today, but the U.S. is still a major factor in the health of the global market.

On the global fronts, our currency has been extremely weak as a result of our deficit spending and trade imbalances. The Canadian dollar now trades above our dollar and the Euro dollar requires $1.42 U.S. This trend is not entirely bad. Our manufacturing costs relative to other markets have become more competitive and this should attract foreign investors.

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Our philosophy has always been focused on managing the downside risk, knowing opportunities will always come along. We remain a bit cautious about the economic outlook, and finding good invests has become a little more challenging.

If you have any questions, please don’t hesitate to call. Thank you.

Sincerely,

Jeffrey L. Farni Sr.

**As required by Advisors Act Rule 204-3 advisory disclosure documents (ADV Part 2A) are available upon request.*

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