



## Newsletter

October 8, 2010

Dear Clients,

What a difference a quarter makes! The gloom and doom of the second quarter faded quickly as the third quarter rally produced strong enough gains to push the year to date indexes into positive territory. The old adage of buy on bad news rings true again.

There is still talk of a

double dip recession, and there are still plenty of structural issues facing our economy. A decade of excesses and too much leverage will require many years to rectify. Slow growth is likely to be the result, and this will keep our markets in a volatile state for quite some time.

Investors with too much cash from our previous market collapse are getting nervous about missing out on better investment returns and are investing once again. This demand is partially responsible for our third quarter rally. It also appears some investors are making their next big potential mistake by investing in longer term bond funds to enhance their current returns. This could lead to significant negative total returns over the next few years as rising interest rates negatively affect the price of longer dated bonds.

The investing world has now become less concerned with global economic issues, and has once again abandoned the U.S. dollar. This has allowed our foreign investment exposure to recoup market declines and add returns to the portfolios. If this trend continues, it will eventually put the U.S. in a much more competitive position globally.

Corporate earnings have recovered, and dividend increases will eventually follow. The rate of growth will likely be moderate to slow for a while as comparables will not reflect the robust recovery seen over the last four quarters.

Quarter Ending September 30, 2010			
Year to Date Performance	Last Full Quarter	YTD	Index Close
Dow Jones Industrial Averages	10.73%	5.20%	10,788
NASDAQ Composite Price	12.34%	4.42%	2,369
Standard & Poor's Averages	11.33%	3.91%	1,141
Barclay's Capital Bond Index	3.29%	8.95%	
EAFE-Global Markets	16.53%	1.44%	

As always, please feel free to call if you have any questions or would like to review your portfolios.

Sincerely,

Jeffrey L. Farni Sr.

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

---

Telephone: 952.476.7855  
Toll Free: 866.916.7855

Facsimile: 952.476.7856  
[karen@QAMgmt.com](mailto:karen@QAMgmt.com)

641 East Lake Street, Suite 216  
Wayzata, MN 55391