



AMERICA FIRST
Investment Advisors, LLC

VIEWPOINT

November 2007

A Bi-Polar Market

This has been a complicated year for stocks, to say the least. The prices of energy, technology and commodity stocks have jumped upwards, while many consumer stocks have fallen and financial stocks have taken a nosedive. It seems as if many market participants right now feel safer by piling in to industries which have already had rapid price appreciation over the past few years. I think this has led to a bi-polar market—some sectors are hitting all-time highs while others are hitting multi-year lows. And it doesn't feel good to be on the downside of this.

Many of you may have noted that our focus on finding the stocks of attractive companies with good management teams and which are selling at prices below what we think a rational business person would pay for them have led us to buy financially-oriented companies in recent months. We think the prices we paid for companies such as American International Group, Moody's, SLM Corp, and Superior Bancorp will enable those of you who own these to have strong long-term returns. However, over recent weeks, the prices of these stocks have fallen as market participants have become worried about the effects of the turmoil in financial markets. In the case of Washington Mutual, we came to the conclusion in early August that because of their exposure to trickier areas of mortgage finance, we would sell the stock for our clients.

Although it is true that conditions *could* become terrible at some point, we don't think that they will. We have seen many cycles work

through the economy and we've watched many of these companies and/or their management teams not only weather the storms, but also return to strong profitability. We believe this to be the case today.

As of the time that I am writing this, the Federal Open Market Committee has moved to cut their benchmark rate for a second month. We believe that this will help the profitability of financial companies. Furthermore, it was also reported that the US economy grew at its fastest rate in 1½ years during the third quarter, so it does not appear that a recession is imminent.

While we generally like it when stocks "go on sale," we also understand that this causes concern on the part of some of our clients. We're not worried about the future of these companies, but we don't want you to be, either. As you know, we like to take advantage of lower prices and we think this helps our clients to have good long term returns. However, we will be cautious, knowing that many are waiting and watching to see financial industry profitability during the next few quarters.

As always, we welcome any comments or questions you may have and would enjoy sitting down with you in person. We appreciate having you as our client and value your trust in us.

ERIC BALL,
CHIEF EXECUTIVE OFFICER

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Introducing a New Team Member

We are pleased to announce that David Guthrie has joined AFIA as the Vice President of Client Development. David has over 29 years of experience in the banking industry and has provided wealth management services over the past seven years, most recently as Vice President and Senior Private Banker for Wells Fargo Private Bank. In that position, he worked closely with the financial matters of high net worth individuals, including their investment portfolios.

David is a native of Nebraska and a resident of Omaha since 1989. He received his undergraduate degree and MBA from the University of Nebraska at Lincoln. David is a veteran having served in the United States Marine Corps. Married for 25 years to Renee, they have four children, Megan, Rachel, Ryan and Emily.

We believe David will be a good fit with our team and will prove to be extremely helpful to you in addressing your questions and your portfolio needs. We will be introducing David to as many of you as we can in the next few months. In the meantime, feel free to contact him at (402) 930-3064 if he can be of service to you.



IRA Reminder

It's the time of year to remind those of you with IRAs and who are or will be 70 ½ during 2007 to take your Required Minimum Distribution, if you haven't already done so. Remember the calculation for the distribution needs to include all of your IRA accounts, including those we may not be managing for you. The deadline for completing the 2007 distribution is December 31, 2007. If we can be of any assistance to you in completing this, please feel free to contact us.



Mark Your Calendar

Our annual Holiday Open House is scheduled for Thursday evening, December 6th, from 6:00 p.m. to 8:00 p.m. Your personal invitation will be in the mail soon. We'd love to see you and we think you'll enjoy the festive atmosphere of our historic building and the beautiful lights of downtown during the holidays!

Curious about a financial topic?

Send your query to Nancy Targy at ntargy@am1st.com; we may include it in a future issue of

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