Investment Advice For Every Generation

INVESTMENT PERSPECTIVE

VORPAHL WING SECURITIES Volume 1 Issue 3, September 2003

Upcoming Events: Mayoral Candidate Forum

Sponsored in part by Vorpahl Wing Securities

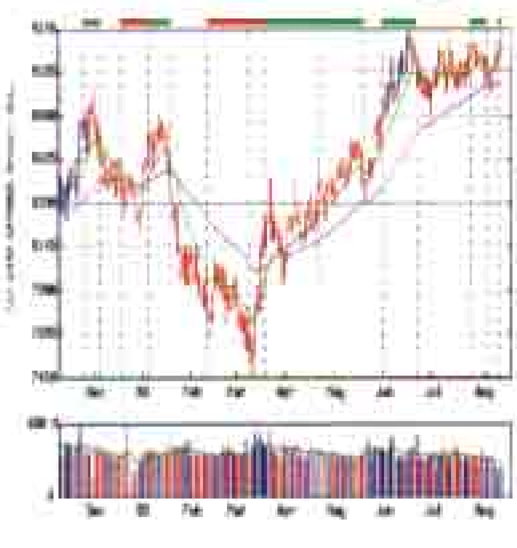
Date: September 10, 2003

Place: Hotel Lusso, Ballroom

Time: 7:00 pm

If you would like to attend or have a question for the candidates, please contact our office at 747-1749

Dow Jones Indus. Average



Inside this issue:

Market Commentary
A Good Time To Re-evaluate Your Portfolio

Thus far this year, the Dow Jones Average is up over 11% as of Aug 12, 2003. The Nasdaq Composition is over 26%, the S&P 500 is up 12.56% and the Russell 2000 is over 21%.

On the other hand, the total return for the 10-year Treasury note is −1.26% with the three month treasury bill up only 0.68% . As of August 13, 2003 the Dow closed at 9271. This is a 28.8% gain from the 52 week low of 7197 back in October 2002.

If you have been involved in the market all along you should see an increase in your portfolio from the last couple of years. If you are one the fortunate investors that continued to buy as the market was declining you should even be better off because you have been buying more shares at a lower cost. If you have been waiting on the sidelines or holding your money in cash, CDs or short-term bonds, you have already missed a significant gain in the market.

As indicated by the chart on the left, the market has been trading in a sideway pattern pretty much all summer. I would expect this trend to continue through September before we see another year-end rally. Although there is no way to predict where the market is going from here, the sideway pattern is giving investors a chance to re-evaluate their portfolio, make changes to their asset allocation model, adjust their 401K portfolio,

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Educational Spotlight
Understanding Mutual Fund Classes

What Are Mutual Fund Classes?

A single mutual fund, with one portfolio and one investment adviser, may offer more than one "class" of its shares to investors. Each class represents a similar interest in the mutual fund's portfolio. The principal difference between the classes is that the mutual fund will charge you different fees and expenses depending upon the class that you choose.

If You Buy Class A Shares:

Class A shares typically charge a front-end sales charge. That means a portion of the dollars you pay is not invested. Class A shares may impose an asset-based sales charge, but it generally is lower than the asset-based sales charge imposed by the other classes.

A mutual fund may offer you discounts, called breakpoints, on the front-end sales charge if you:

- Make a large purchase
- Already hold other mutual funds offered by the same fund family
- Commit to regularly purchasing the mutual fund's shares

You should ask your financial adviser whether any breakpoint discounts are available to you.

If You Buy Class B Shares:

Class B shares typically do not charge a front-end sales charge, but they do impose asset-based sales charges that may be higher than those that you would incur if you purchased Class A shares. Class B shares also normally impose a contin-

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Market Commentary continued from page1

"Although we may have missed the greatest opportunity to invest, do not wait and see what the market will do from here."

reflect on their long-term goals and objectives, and react before the next rally.

In the last newsletter we talked about the emotional cycle of the market. Although we may have missed the greatest opportunity to invest, do not wait and see what the market will do from here. Be proactive now, evaluate your holdings, re-evaluate your asset allocation model and stay focused on the long-term trends of the market.

Dow Jones Indus. Average

Strategies For Uncertain Times

When The stock market starts to drop, investors want to know how far it will fall and what they should do. It's important to recognize that while down markets have occurred in the past and will likely occur in the future, they have varying lengths and severity. A bear market is generally defined as a 20% decline over an extended period of time. In contrast, market corrections are generally considered sharp downturns that quickly right themselves within a matter of days or weeks. Regardless of the type of downward movements, there are strategies that can help investors maintain a disciplined approach to long-term investing during these uncertain times.

WHAT CAUSES THE MARKET TO FALL?

Predicting a bear market is nearly impossible due to the number of factors that can influence the stock market. Since the stock market often mirrors the health of the economy and political stability, adverse events in these areas can directly affect investor sentiment toward stocks. For example, the most severe bear market experienced by the Standard & Poor's 500 (S&P 500) since 1950 was during 1973-1974. Triggered by rising inflation, the OPEC oil embargo and political events in the U.S. and abroad, the S&P 500 lost over 48% and took nearly eight years to recover.

On Black Monday, October 19, 1987, an event considered a market correction, there was a sharp fall in stock prices concentrated into a single day. A unique characteristic of this event was that it occurred during a period of economic prosperity. Unfortunately, rising interest rates and panic selling contributed to the sever downturn that occurred that day. As you can see, falling markets can be caused by different factors, but the results are generally the same.

LOOK TO HISTORY AS YOUR GUIDE

During periods of stock market volatility, investors may question whether they can handle the ups and downs. Just as impossible as predicting a bear market, is determining when a declining stock market will begin to recover. However, if history has taught us anything, it's that we often don't begin to recognize a recovery until after it has already begun. When investors sell stocks during uncertain times, they run the risk of being forced to buy back into the market at higher prices.

The chart below shows that a small percentage of trading days in the S&P 500 may account for a large proportion of market gains. No one knows when the best days of stock market performance will occur. By staying fully invested, you will have to traverse volatility, but you will have a better chance of capturing the performance of the market's best days while riding out the downturns that occur over time.

STATEGIES TO HELP PROTECT YOUR INVESTMENTS

Your first step in preparing to cope

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JUMPING OUT OF THE MARKET COULD COST MONEY

Five Years Ended September 30, 2001

Period of Investment	S&P 500 Average Annual Total Return
Stayed fully invested	10.23%
Missed the best 10 days	1.11%
Missed the best 20 days	-5.2%
Missed the best 30 days	-10.16%
Missed the best 40 days	-14.42%

Educational spot light - Understanding Mutual Fund Classes - continued from Page 1

gent deferred sales charge (CDSC), which you pay when you sell your shares. For this reason, these should not be referred to as "no-load" shares. The CDSC normally declines and eventually is eliminated the longer you hold your shares. Once the CDSC is eliminated, Class B shares often then "convert" into Class A shares. When they convert, they will begin to charge the same asset-based sales charge as the Class A shares.

Class B shares do not impose a sales charge at the time of purchase. So unlike Class A purchases, all of your dollars would be immediately invested. But your expenses, as measured by the expense ratio , may be higher. You also may pay a sales charge when you sell your Class B shares.

If you intend to purchase a large amount of Class B shares, you may want to discuss with your financial adviser whether Class A shares would be preferable. The expense ratio charged on Class A shares is generally lower than for the Class B shares, and the mutual fund may offer large-purchase breakpoint discounts from the front-end sales charge for Class A shares.

To determine if Class A shares may be more advantageous refer to the mutual fund's prospectus, which may describe the purchase amounts that qualify for a breakpoint discount.

If You Buy Class C Shares:

Class C shares usually do not impose a front-end sales charge on the purchase, so the full dollar amount that you pay is immediately invested. Often Class C shares impose a small charge if you sell your shares within a short time of purchase, usually one year. Class C shares typically impose higher asset-based sales charges than Class A shares, and since their shares generally do not convert into Class A shares, their asset-based sales charge will not be reduced over time. Class C shares are often used for asset-allocation purposes.

Class C shares do not impose a sales charge at the time of purchase, but they may impose a CDSC or other redemption fees. Additionally, in most cases your expense ratio would be higher than Class A shares, and even than Class B shares if you hold for a long time!

Source: NASD Investor Alert Webpage

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with downturns should be to recognize that falling markets are a function of stock market cycles. Step two is to create a diversified investment portfolio with your financial professional that matches your investment objectives with your risk tolerance levels. Lastly, as the economy and stock market move through cycles of strength and weakness, smart investors can use two investment strategies to help their portfolios weather market volatility.

1. Dollar-Cost Averaging: Simply put, dollar-cost averaging is regularly investing a set amount of money over a set time period, regardless of which way the market is moving. Utilizing this strategy, you can buy more shares of a mutual fund when its price is lower, and fewer shares when its price is higher. To take advantage of this strategy, you need to invest on a regular basis and, most importantly, during market downturns.*

2. Asset Allocation: Asset allocation means dividing your portfolio over several different asset categories — typically including stocks, bonds and cash equivalents — so your investments are well-diversified. Ultimately, a good asset allocation plan can help you reach your financial objectives while maintaining the degree of risk you find comfortable. A well-diversified plan may not always outperform the top asset class in any given year, but over time it may be one of the most effective ways to realize your long-term goals.

WHAT SHOULD YOU DO RIGHT NOW?

In times of uncertainty, your financial professional is one of your best sources for market and investment information. He or she can help you review whether your time horizon, risk tolerance and financial situation still match your unique plan or offer insight on how to reposition your portfolio to match your investing needs.

Short-term stock market moves will test your strength of determination and your patience, but if you stick to the disciplined investment approach that you and your investment advisor have created, you may greatly improve the chances of reaching your long-term goals. Remember that down markets come and go, but staying focused on your goals and maintaining realistic expectations can help guide you through periods of uncertainty.

Source: FRANKLIN TEMPLETON DISTRIBUTORS, INC.

* Such a plan does not assure a profit and does not protect against loss in a declining market. Dollar-cost averaging involves continuous investment in securities, regardless of fluctuating price levels. Investors should consider their financial ability to continue purchases through periods of low price levels or changing economic conditions.