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GENERATION
WEALTH MANAGEMENT

NG Wealth Market Commentary
3rd Quarter, 2007

The financial markets ended the third quarter near where they began in July posting modest gains; however, these returns saw some dramatic price movements in between. For example, in August, continued problems in the credit sector threatened to seize the financial markets and the equity indices plunged almost 10%. The Central Banks were forced to intervene and an initial reduction in interest rates by the Federal Reserve was critical to the September quarter-end rally across the board. After several years of being absent, volatility returned to the financial markets.

For the 3rd quarter 2007, here are the returns for the major indices (% change):

Dow Jones Industrial Average	4.19
Standard & Poor 500	2.03
NASDAQ	3.78
Russell 2000	-3.10
MSCI EAFE	2.18

THE FINANCIAL MARKETS

After several failed attempts to regain their leadership and many years of underperformance, large company growth companies resumed a leadership position from value stocks. This shift in investor sentiment makes sense as growth stocks are typically more aligned with a growing global economy while value stocks tend to be more closely tied to a slower domestic economy.

From an international perspective, almost $350 billion has been invested into foreign focus equity funds since 2005 while at the same time, 2007 might be one of the worst years on record in terms of net cash flow into U.S. focus equity funds. NG Wealth continues to advise caution in regard to the overseas markets as we believe "greed" has been exported to certain foreign markets.

IS THE MARKET CLIMBING "THE WALL OF WORRY"

As we look at the fundamentals of the financial markets, there are several concerns that keeps us awake at night:

- The U.S. economy is slowing as Real Gross Domestic Product (GDP) has faded to 2% by the official calculation. Is the U.S. headed for a recession in 2008 while the global expansion continues?

- Rising inflation is a concern both domestically and globally. Most commodity prices are soaring and the majority, 90 percent, is higher than a year prior. Crude oil, metals, food, grains, etc.

- Employee compensation around the world is higher, with wages up 4% versus 2006, exceeding GDP growth in the United States.

- The housing debacle is far from over. The impact of the sub prime crisis continues in the U.S. and around the globe.

- Corporate earnings momentum is declining for U.S. companies, except for the large companies with extensive global exposure.

- The Conference Board recently reported that its confidence survey of corporate CEO's slipped to the lowest level since the 2001 recession.

- It would appear the election of 2008 will significantly increase the Democratic control of Congress and perhaps, the White House. A slowing economy, or recession, might be a positive for Democrats, in addition to Iraq and a seemingly unpopular President Bush.

At this moment, we believe too much confidence has been placed in Ben Bernanke and the Federal Reserve which has led to a false sense of security on Wall Street.

CONCLUSION

There are many crosscurrents at work in the U.S. economy, as well as divergent forces and historical precedents in the financial markets. NG Wealth has been, and continues to be, concerned about the longevity of the latest bull market run (since October 2002 lows). As a result, the current strength of the financial markets may very well be the result of investment professionals underperforming their benchmarks and are attempting to play catch-up.

The strategies employed at NG Wealth are based on balancing risk versus potential returns and we would not classify this environment as a low risk investment opportunity. We will continue to adhere to our disciplines – disciplines that have served us well in the past – and adjust portfolios accordingly.

If you would like additional information or would like to discuss our investment strategies, please contact Next Generation Wealth Management, Inc. at (262) 242-4433. Or, if you prefer, you may visit our website at www.ngwealth.com.

Sincerely,

David A. Massart, President

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Next Generation Wealth Management, Inc.
10922 North Cedarburg Road
Mequon, WI 53092
(262) 242-4433
info@ngwealth.com