



AMERICAN FINANCIAL ADVISORS, LLC

Market Commentary 4th Quarter 2007

Dear All,

As usual, it's hard to believe the holiday season has arrived so soon. Just a couple months ago we were putting away the decorations and "next year" seemed like a long way off. Next year is here – and we wish everyone a pleasant and relaxing time with family, friends and co-workers during the next few weeks.

The overriding theme for 2008 – and beyond -- is **global growth**.

Despite any bad news that will certainly populate, permeate, and dominate the headlines, there is no stopping the dynamic growth engine behind China, India, Russia, Brazil, Eastern Europe, South/Latin America, Mexico, Africa and the rest of the globe. Developed nations like the United States, who provide products and trade in this global economy, will be significant benefactors due to worldwide expansion.

Our client portfolios at AFA will continue to be well-diversified to cover these global markets and capture the upside potential offered around the world.

After sixty years – since WWII – of promoting democracy, freedom and capitalism around the globe, the planet has "awakened" due to significant advances in the speed and content of information via the Internet. Case in point, both China and India have a growing "middle class" that encompasses 350 million people within a total population of one billion in each country. The middle class of both India and China now number the same size as the entire U.S. population. They will drive new cars, surf the Internet, talk on cell phones, buy electronic gadgets, send their children to college, and go on vacation – just like the rest of us.

While there will be normal volatility and market corrections of 5-10% along the way, it is quite possible we will be in a pro-longed bull market – much like the period from 1981-2000. Unless the globe stops turning and consumers around the world stop spending to maintain their lifestyles – the stage is set for positive gains in the capital markets. Those investors who remain disciplined with a proven strategy of diversification, tactical asset allocation, and low costs -- will be the winners.

You should expect us to write something positive – yet without question, there is an equal chance things can turn ugly and challenge even the best investors. But the bottom line is the dynamics and expansion of the global capital markets discussed above will forge ahead to overcome any war (Iraq), financial debacle (sub-prime mortgages), scandal (Enron), or terrorist attack (9/11). When 6 billion people around the globe are trying to live a better life each day – capitalism will prevail over all other negative news.

To win, you must show up at the park and put your dollars in play.

Happy Holidays, Merry Christmas, Happy Hanukkah and wishing all of you a happy, prosperous New Year.