



CADENCE

— Financial Advisors, LLC

In Step with Your Dreams

February 28, 2007
Volume 1 – Issue 2

In this issue:

Protect Yourself: Identity Theft Market Commentary By the Numbers Just for Fun

Greetings from Dallas! We hope all is well in your part of the world. How about the turn of events we've experienced between newsletters? As always, we hope you find this month's newsletter informative, convenient and timely.

Protect Yourself: Identity Theft

We have all heard horror stories about identity theft. Here are some critical steps you can take to limit the chances of identity theft and to limit the damage in case this happens to you or someone you know:

1. The next time you order checks have only your initials (instead of first name) and last name put on them. If someone takes your checkbook, they will not know if you sign your checks with just your initials or your first name, but your bank will know how you sign your checks.
2. Do not sign the back of your credit cards. Instead, put "PHOTO ID REQUIRED". (Note - You may have to use another form of payment for the post office and other places that may require a signature on the credit card)

3. When you are writing checks to pay on your credit card accounts, DO NOT put the complete account number on the "For" line. Instead, just put the last four digits. The credit card company knows the rest of the number, and anyone who might be handling your check as it passes through all the check processing channels won't have access to it. When writing checks at a store, do not allow them to write your credit card number on the check.
4. Put your work phone number on your checks instead of your home phone. If possible, use your work address.
5. Monitor your credit for inaccuracies. As of September 1, 2005, all US residents are entitled to receive one **free** credit report every 12 months from each of the three nationwide consumer credit reporting agencies: Equifax, Experian and TransUnion. You can request your report at AnnualCreditReport.com.
6. Never have your social security number printed on your checks. You can add it if it is necessary (like writing a check to the IRS.) But if you have it printed, anyone can get it.
7. We have been told we should cancel our credit cards immediately if they are lost or stolen. But the key is having the toll free numbers and your card numbers handy so you know whom to call:
 - o Place the contents of your wallet on a photocopy machine. Do both sides of each license, credit card, etc. You will know what you had in your wallet and all of the account numbers and phone numbers to call and cancel. You may also want to carry a photocopy of your passport when you travel either here or abroad. Remember to update this regularly, as the contents of your wallet change. And most importantly, store these photocopies in a secure location.
8. File a police report immediately in the jurisdiction where your credit cards, etc., were stolen. This proves to credit providers you were diligent, and this is a first step toward an investigation (if there ever is one).
9. Contact the Federal Trade Commission (FTC) regarding a stolen social security number. Additionally, OnGuard Online, a site created by the FTC, offers additional information on preventing identity theft.
10. This is perhaps the most important step of all: Call the 3 national credit reporting organizations immediately to place a fraud alert on your name and Social Security number. The alert means any company that checks your credit knows your information was stolen, and they have to contact you by phone to authorize new credit. The

phone numbers are below - write them on the photocopy of your card numbers from number 7 above.

Here are the numbers you always need to contact if your wallet, etc., has been stolen:

- 1.) Equifax: 1-800-525-6285
- 2.) Experian (formerly TRW): 1-888-397-3742
- 3.) Trans Union: 1-800-680-7289
- 4.) Social Security Administration (fraud line): 1-800- 269-0271

In summary, if you suspect that your personal information has been wrongfully used, immediately:

- Review your credit reports
- Place a fraud alert on your accounts
- Close any accounts opened or used fraudulently
- File a report with the police
- File a complaint with the Federal Trade Commission

Market Commentary

Former Federal Reserve Chairman Alan Greenspan said decelerating profit growth is a sign of an aging business cycle. As year end corporate numbers are posted it appears the profit growth will come in around 10%, down from its previous rate of 15%. Before Tuesday (February 27th), it had been 45 months since the S&P 500 had suffered a one-day decline of 2% or more. On average, these days have occurred eight times a year over the past 75 years. With the U.S. annual savings rate below zero, which means consumers in this country spend more than they make in income every year, it's a mystery how much longer these prosperous times will continue. Plus, mortgage lenders are afraid of a rise in the number of defaults and have tightened lending practices, removing a significant chunk of home buyers (and mortgage refinancers) from the market. Regionally, January home sales fell a record 37% in the West, 19% in the Northeast, 10% in the South and 8% in the Midwest. Sales in the Midwest exceed sales in the West. Most of the pain has been felt in the largest markets: the West and South. New-home sales are down more than 50% year-on-year in the West, the largest percentage drop in the region since 1981. In the South, sales are down 11% in the past year. Sales are down 2% in the Northeast and are up 1% in the Midwest. While these symptoms usually point toward a

downturn, there is no need to panic, yet. With the world flush with liquidity, and GDP still growing around the world, the short term outlook remains positive.

Question to ponder: Assuming we are serious about committing our resources to improving areas that we value most, why is there inflation in things we need to educate, power and feed the world, while there is deflation in things we want (such as cell phones, laptops and plasma TVs)?

By the Numbers

Index	Dec-06	QTD	YTD	Description
Equity				
S&P 500 Index*	-2.18%	-0.81%	-0.81%	Large-cap stocks
DJIA*	-2.80%	-1.56%	-1.56%	Large-cap stocks
NASDAQ*	-1.94%	0.04%	0.04%	Large-cap tech stocks
EAFE	0.82%	1.51%	1.51%	Europe, Australasia & Far East Index
Bonds				
Lehman Aggregate	1.54%	1.50%	1.50%	US Government Bonds
Lehman High Yield	1.40%	2.53%	2.53%	High Yield Corporate Bonds
3-month Treasury Bill	0.43%	0.87%	0.87%	US Government Debt

*Return numbers do not include dividends

Just for Fun

106,000,000 The number of registered My Space users (Internet social networking site)

11th The population ranking of My Space if it were a country (between Mexico and Japan)

1950 The last year U.S. manufacturing employment was at a level this low –Reported in January 2007 by the Bureau of Labor Statistics

82 percent Those who hide purchases from their partner –Survey called “Can’t buy me Love” conducted by PayPal

23 percent The percentage of people with the highest IQ in China (India) it would take to equal the entire population of North America.

1 Week of the New York Times includes the same amount of information that a person would have been exposed to throughout their lifetime in the 18th century.

0 The number of permanent residents on the continent of Antarctica

Disclosure

Please write to info@cadenceadvisors.com and inform us of any reproductions. Please include where and when the copy will be reproduced.

To unsubscribe please refer to the bottom of the email.

PAST RESULTS ARE NOT INDICATIVE OF FUTURE RESULTS. THERE IS RISK OF LOSS AS WELL AS THE OPPORTUNITY FOR GAIN WHEN INVESTING IN MANAGED FUNDS. WHEN CONSIDERING ALTERNATIVE INVESTMENTS, INCLUDING HEDGE FUNDS, YOU SHOULD CONSIDER VARIOUS RISKS INCLUDING THE FACT THAT SOME PRODUCTS: OFTEN ENGAGE IN LEVERAGING AND OTHER SPECULATIVE INVESTMENT PRACTICES THAT MAY INCREASE THE RISK OF INVESTMENT LOSS, CAN BE ILLIQUID, ARE NOT REQUIRED TO PROVIDE PERIODIC PRICING OR VALUATION INFORMATION TO INVESTORS, MAY INVOLVE COMPLEX TAX STRUCTURES AND DELAYS IN DISTRIBUTING IMPORTANT TAX INFORMATION, ARE NOT SUBJECT TO THE SAME REGULATORY REQUIREMENTS AS MUTUAL FUNDS, OFTEN CHARGE HIGH FEES, AND IN MANY CASES THE UNDERLYING INVESTMENTS ARE NOT TRANSPARENT AND ARE KNOWN ONLY TO THE INVESTMENT MANAGER.

Cadence Financial Advisors, LLC, a Texas registered investment advisor. All material presented herein is believed to be reliable but we cannot attest to its accuracy. All material represents the opinions of the principals that may change without prior notice. The principals can be reached at 972-607-4746 ext. 890.

To Unsubscribe, please send an email to: info@cadenceadvisors.com ,please put “REMOVE” in the subject line.