



The Fragasso Group, Inc.

The Retirement Planning and Wealth Preservation Specialists

A Registered Investment Advisor

...For the Serious Investor

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Economic Downturn Offers a Unique Opportunity For Investing

Circumstances and background: The economic downturn is a result of the business slowdown intensified by the terrorist attacks of September 11th. This has profound societal, political and military implications. But, it also presents an investment opportunity.

While history cannot provide guarantees of the future, it does provide a reliable guide when viewing similar events. Past events that have threatened our economy should be viewed to help gain insight as to the current climate for investing.

Event	Time Period	Market Action in Year(s) Following (S&P 500 index)
Depression	1929-1932	1933 – Up 54%. New Deal begins.
World War II Pearl Harbor Bombing	1939-1945 Dec., 1941	1942 – Up 20% 1943 – Up 26% <i>(We hadn't even turned the corner to victory yet!)</i>
Kennedy's Assassination	Nov., 1963	1964 – Up 17% 1965 – Up 13%
Oil Embargo/Severe Recession	1973-1974	1975 – Up 37% 1976 – Up 24%
Market Crashed 26% in one day	Oct., 1987	1987 – Ended year up 5% 1988 – Up 17% 1989 – Up 31%
Recession of 1990 Desert Shield Desert Storm	Dec., 1990 Jan., 1991	1990 – Ended year down 4% 1991 – Up 31%
Hurricane Andrew <i>Devastating losses to property and casualty insurance companies</i>	Summer, 1992	Property and casualty insurance company stocks – Up 32% for 1992, and up an additional 18% in 1993

Also, please recall the rhetoric at the time of Desert Shield. Supposedly, we were facing the fourth largest army in the world, and that the struggle would be protracted and costly. It was neither.

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Economic Downturn

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People often say that they wished they would have had the courage to buy during one of those times. Well, this is one of those times. It's a strange quirk of human nature that we are more comfortable buying when prices are high, maybe because we have lots of company, than we are buying when everything is devalued.

This is an opportunity to add to your portfolio at what we believe to be, based on historic data, abnormally depressed prices. We believe that the foundations of our economy remain sound, in part, because of the liquidity that the Federal Reserve has instilled in our economy with interest rate cuts. Also, the U.S. Government has committed \$40 billion dollars for infrastructure rebuilding and military build up. And, that's only for starters. That is on top of the advance checks for tax cuts we've just received. U.S. airlines and insurers will benefit from a federal support package. Remember that it is the amount of money in the economy and the velocity of its movement throughout the economy (that is how fast it moves from hand to hand) that determines economic activity. And, there is now a lot of money moving.

What you can do:

There are several ways that we suggest that you think about investing at this time.

- **Accelerate your retirement plan contributions for the year 2001.** Why wait until next April to contribute for this year? Do it now. Whether you are an individual doing an IRA or a corporation doing pension and profit sharing plans, consider allocating the cash today. This is especially easy to do because a retirement plan does not worry about year-end capital gain distributions by mutual funds. So, why not contribute when the markets are historically low?
- **Make children's and grandchildren's education funding contributions now.** The new 529 plans do not recognize year-end capital gain distributions either, so it makes sense to get the money employed now.
- If you don't need the **income from your investments**, have them automatically or manually **reinvested**.
- **Invest idle cash balances** that are not needed for emergency reserve purposes.

As is always the case, have at least a three-year time frame where you can leave the funds invested to help put the odds for success in your favor. Call your financial consultant with the Fragasso Group to discuss individual strategies that suit your goals and risk tolerance. If you are not a client of the Fragasso Group, may we suggest that now is the time to benefit from our brand of proactive advice and guidance. Call or email us to schedule an appointment.

P R O M O T I O N S



Deborah Sales has been appointed a Vice President of the firm and the Downtown office Branch Manager.



Diana Schroeder has been appointed Corporate Secretary and continues as the firm's Administrative Manager.



Andrei Voicu has been named a Vice President and continues as Director, Portfolio Management.



Michael Fertig is appointed a Vice President and the South Hills office Branch Manager.

Fragasso Group Honored

The Fragasso Group, Inc. was chosen as one of the fastest growing 100 privately owned Pittsburgh area businesses by the *Pittsburgh Business Times*. We owe that honor to the confidence placed in us by our clients and referrals partners. Thank you.

Animal Friends
**Black Tie
 & Tails**
 November 3
 USX Tower
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 TICKETS**

Honorary Chairperson **Franco Harris** Honorary Artist **Harry Giglio**

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Special Thanks to The Fragasso Group, our Benefactor Party Sponsor

E-mailed Newsletter

We have begun sending monthly newsletters, **but only by e-mail to those clients, advisors and friends who supply us with their e-mail address.**

Our regular quarterly newsletters will continue to come to you hard copy, such as this one has. However, while the quarterly newsletters have topics of general financial planning interest, the monthly electronic newsletters will contain topics and information of a more time-sensitive nature.

You won't want to miss them, so e-mail us your name and e-mail address right away. Send that information to: fgi@fragassogroup.com. That's all that you have to do to receive our electronic monthly newsletter, as well as any special intra-month news items of import.

Our electronic newsletters can also be viewed from our website under the newsletter archive tab.

Just Because...

America the Beautiful

words by Katharine Lee Bates

melody by Samuel Ward

O beautiful for spacious skies,
For amber waves of grain,
For purple mountain majesties
Above the fruited plain!
America! America!
God shed his grace on thee
And crown thy good with brotherhood
From sea to shining sea!



The Star Spangled Banner

by Francis Scott Key

Oh, say, can you see, by the dawn's early light,
What so proudly we hail'd at the twilight's last gleaming?
Whose broad stripes and bright stars, thro' the perilous fight,
O'er the ramparts we watch'd, were so gallantly streaming?
And the rockets' red glare, the bombs bursting in air,
Gave proof thro' the night that our flag was still there.
O say, does that star-spangled banner yet wave
O'er the land of the free and the home of the brave?



God Bless America

by Irving Berlin

While the storm clouds gather
far across the sea,
Let us swear allegiance to a land
that's free,
Let us all be grateful for a land so fair,
As we raise our voices in a solemn prayer.

God Bless America,
Land that I love.
Stand beside her, and guide her
Thru the night with a light from above.
From the mountains, to the prairies,
To the oceans, white with foam
God bless America, My home sweet home.



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