

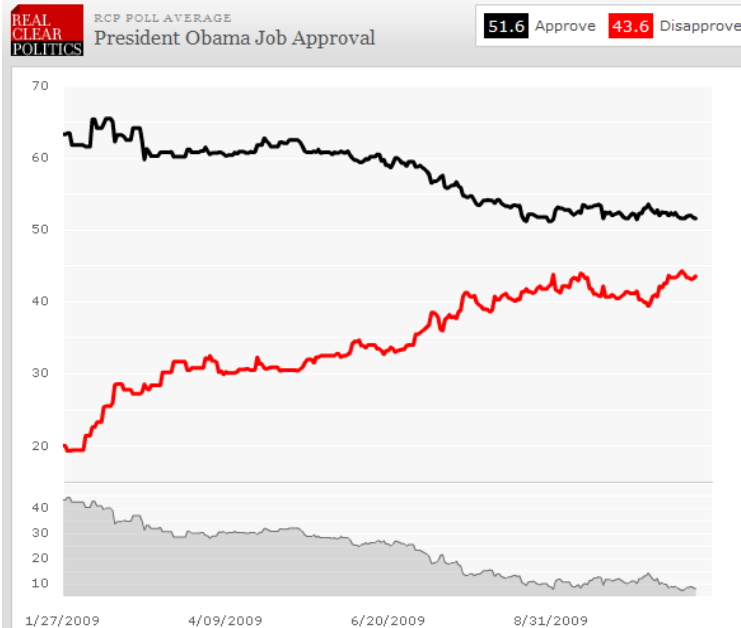
Quote of the week

“Every one is as God made him and oftentimes a good deal worse.”
Cervantes

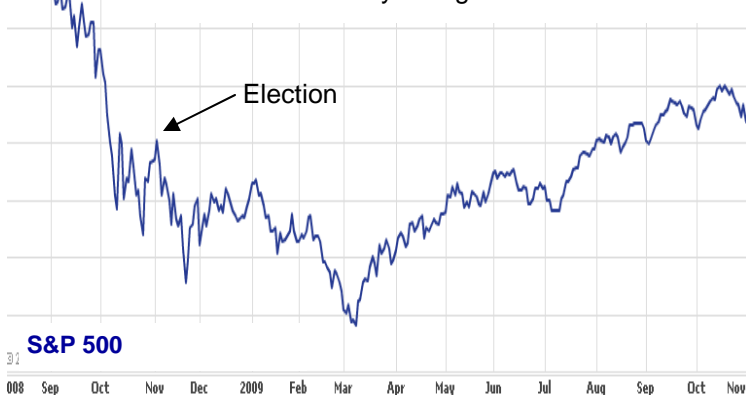
Just a year ago much of this country was basking in the glow of an Obama victory. President-Elect Obama made his stirring acceptance speech in Chicago’s Grant Park and Sarah Palin, well she caught a plane back to Alaska.

In the last year there is one similarity between Obama and Palin; both of them have become more unpopular. As you can see below Obama’s approval rating has dropped from 65% to 51% and his disapproval rating has doubled.

Palin’s popularity has dropped like a hot **potatoe**, even below Dan Quayle’s numbers.



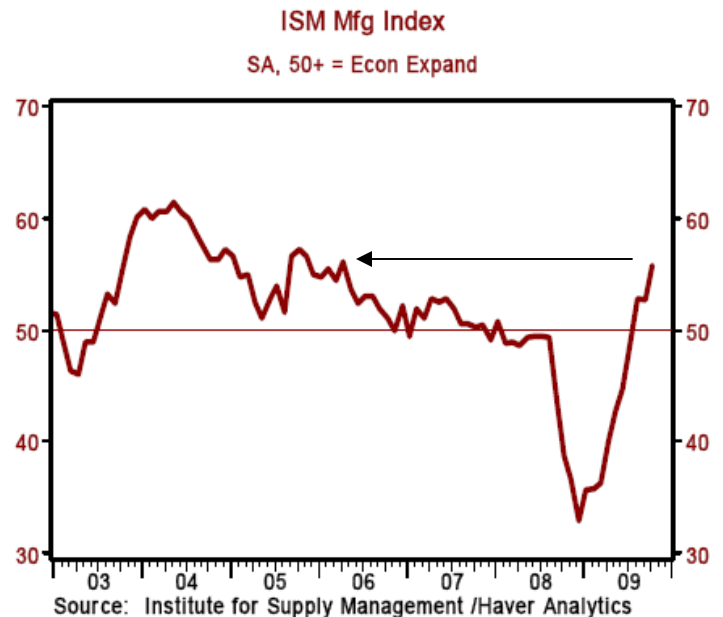
At least the stock market has fared better than the politicians. After the election the market dropped hard, rebounded, dropped REALLY hard, and rebounded again. Today the market is about 10% above where it was a year ago.



The one thing that would increase Obama’s popularity is a stronger economy. The most recent evidence of that potential was just reported.

The Institute of Supply Management is a not-for-profit group that tracks new purchase orders, manufacturing activity, and production. They put out a “manufacturing index” every month. When the index is above 50 that means the economy is expanding. Levels below 50 signal contraction.

The ISM manufacturing index increased to 55.7 in October, which is the strongest it has been since 2006.



Here is economist Brian Wesbury’s take on it:

The ISM Manufacturing index blasted through consensus expectations in October, coming in at 55.7. This is the highest level since mid-2006 and, according to the Institute for Supply Management, consistent with an annualized real GDP growth rate of 4.5%. The most surprising and bullish signal from the report was that the employment index increased by 6.9 points to 53.1. The employment index increase tied the largest monthly gain since the huge economic recovery in the early 1980s; the level of the index, significantly above 50, suggests payroll gains should start sometime in the next couple of months.

Employment index gains...economic engine starting to chug...the only person not to benefit from this is...Don’t-cha know...



In the last few weeks we bought a few stocks in both our Growth portfolio and our Dividend Growth portfolio. Here is the scoop:

In the Growth Accounts we bought:

Republic Airways (RJET)

Republic Airways Holdings, based in Indianapolis is an airline holding company that owns Chautauqua Airlines, Frontier Airlines, Midwest Airlines, Republic Airlines and Shuttle America. They fly 1,800 flights daily to 126 cities in North America. Republic also operates American-Connection, Continental Express, Delta Connection, United Express, and US Airways Express. Republic currently employs over 11,000 and operate 294 aircraft.



We know what you are thinking, "Why on God's green Earth would you buy an airline stock?"

The main reason is because it is a deep value. Republic is trading below \$9 although the company's book value is \$13.80. Since they have been public the stock has carried an average P/E of about 9, right now it is only 5. They are profitable and earnings next year should be \$2 per share, up 39% from this year. If they only traded at a P/E of 7 the stock would be at \$14, which would be 40% higher than our cost. \$14 is also where the stock traded when Obama took the Oath of Office.

Deckers Outdoors (DECK)

Deckers makes shoes; UGG Boots, Teva, and Simple are their brands.



Deckers has never slowed down, even in the recession. In 2008 their sales grew 53% and earnings grew 43%. Earnings estimates keep getting revised upward and their earnings should hit \$8 per share shortly. They have no debt and \$10 per share of cash. The average P/E for their competitors is 16, which would put Deckers at \$128, up 30% from our cost.

Go to Nordstrom's women's shoe department this weekend and see for yourself what is being tried on. UGGs are still hotter than a bottle rocket. (While you are doing market research buy a pair for your sweetie.)

In our Dividend Growth accounts we bought:

New York Community Bank (NYB)

New York Community Bank serves New York City, Long Island, and Westchester County.



Unlike almost all other banks their earnings went up in 2008, will go up this year and will grow next year. Most of their loans are on rent-controlled units in New York City. Very safe loans. Their charge-offs in the 3rd quarter were only 0.03% of total loans. They didn't take TARP money and didn't get involved in sub-prime, but the stock was still the baby that was thrown out with the Citigroup bathwater. The stock peaked at \$20 back in 2008 and we bought it for \$11.

New York Bank's dividend yield is over 9%. We will just keep collecting 9% and be patient.

Verizon (VZ)

You know who they are. Biggest wireless provider in the U.S. "Can you hear me now?"



The stock pays a dividend of 6.5% and they have raised their dividend 5 years in a row. S&P has a strong "Buy" rating with a target about 12% higher than their current price.

This week Verizon is rolling out with a huge push the new Motorola/Google Android phones to compete with the iPhone. Reviews are great, but Christmas will be the big test. A couple of years ago the stock was at \$45 and when Obama's hand was laying on Lincoln's Bible it was at \$35. We paid \$29 and will be happy to collect their 6.5% dividend and wait.

Performance year-to-date as of 11/4/09

Sheaff Brock Growth Model	+25%
S&P 500	+18%
Dow Jones Industrials	+13%
Sheaff Brock Dividend Growth	+14%
Dow Jones Dividend Index	+ 6%
Auer Growth Fund	+29%

*You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Fund before investing. The Fund's prospectus contains this and other information about the Fund, and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus by calling 1-888-711-2837 or visiting www.sbauerfunds.com. Past performance is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Sheaff Brock Investment Advisors, LLC (SBIA) does not guarantee the accuracy or completeness of this report, nor does SBIA assume any liability for any loss that may result from reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice and are for general information only. Index return and yield data is from *The Wall Street Journal and Thomson*. Past performance does not indicate future results. Model account returns are net of fees and commissions and include the payment of dividends which are held in money market funds pending reinvestment in other portfolio securities. Client returns may differ because all securities in the model may not be owned by each client. The securities mentioned in this report can be, and often are, owned by clients and employees SBIA. Clients and prospective clients should understand that there is no assurance that capital gains made in the past will continue. There is always the chance that market conditions or portfolio performance may deteriorate in the future, and clients may experience real capital losses in their managed accounts. The Classic Growth model and Dividend Growth and Income model are compared to the performance of the S&P 500 and sometimes to the Dow Jones Industrial Index (DJIA) although the model positions may not reflect the securities making up these indices. Neither comparable index may be an appropriate comparison index as our model accounts may own small and mid-cap companies not represented in the S&P 500 or the DJIA. There were no other strategies employed to obtain the results portrayed other than those strategies disclosed in the Sheaff Brock Investment Advisors, LLC Form ADV or other disclosure brochure.*