

# VIEWPOINT

Newsletter by Biondo Investment Advisors, LLC

## *Market Watch*

The second quarter of 2007 proved to be an exciting one. The “Sell in May and Go Away” crowd surely hit a sour note, as equity markets worldwide soared higher. It is true that volatility increased during the quarter, which should be expected as prices rise. Overall, we had a solid quarter in terms of performance and believe that portfolios are well positioned for the future.

During the second quarter, yields on 10-Year US Treasury bonds increased dramatically, driven by fears of inflation and a possible increase in interest rates by the Federal Reserve. We think that these fears are misplaced and that rates will move lower for the balance of the year as economic realities come to light.

It remains our opinion that the Federal Reserve’s next move will be to lower the discount interest rate. While we believe subprime exposure remains largely contained to mortgage-related financials, the credit markets have been basically closed since July. While this issue is serious, we believe that the odds of a spillover to the entire economy are low. However, this is the biggest risk to our outlook. We believe we are positioned defensively enough should the Federal Reserve maintain its resolve and that we will also benefit should it blink.

Our outlook for the coming 12-18 months remains healthy for equities. While economic activity has slowed, we believe the pace is more sustainable going forward. Overall, the backdrop remains largely the same – solid corporate profits, attractive supply and demand, reasonable valuations and sentiment still neutral enough for further price advances.



Eventually, all bull markets come to an end. Usually, it is not the negative headlines in the popular press that are the cause. While there is always need for caution, the long-term outlook remains positive.

*Joe Biondo, Sr.  
Joseph Biondo, Jr.*

## ALL CAP GROWTH STRATEGY

### *To The Point...*

The third quarter has begun and earnings season is in full swing. To date, many of our holdings have reported and appear to be quite healthy. In fact, we have experienced some exceptional reactions to earnings reports and growth stocks appear to be the right place to be. While there have been false starts in growth stocks during this bull run before, the strength displayed over the past few months is difficult to ignore.

The market is in the midst of another correction as we write this update. We believe that this is temporary, and that solid growth companies with reasonable valuations provide attractive investment opportunities. We are using this opportunity to rebalance portfolios to reflect our outlook.



# *Biondo* *All Cap Growth*

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## Business Notes...

### Raymond Chung

Raymond Chung, CFA joins the Biondo Investment Advisors investment team as Director of Equity Research. Raymond brings with him significant research and analytic expertise in growth investing. The former Generalist Research Analyst for the Federated Investors Mid Cap Growth Strategy Fund will work closely with the senior portfolio managers in his new role providing research and support to the team. He began his financial career in 1998 as an Investment Banking Analyst with First Union Securities, Inc. Since then, he has also worked at Merrill Lynch and Sands Capital Management. Raymond's research coverage experience includes: apparel, retail, financial institutions and technology. He earned an MBA from Duke University and has been a CFA Charterholder since 2002.



Raymond Chung, CFA  
Director of  
Equity Research

*“Raymond brings with him extensive research experience that he has honed at some of the industry’s most well known firms.” Joe Biondo, Sr. said. “His expertise and vision will be an asset to Biondo Investment Advisors and our investors.”*

### Jean Pavsek

Jean Pavsek joined Joe Biondo, Sr. as Assistant Branch Manager on April 19, 1982. It was a good decision for both Jean and Joe as the relationship has thrived for 25 years and counting. Jean went on to become Branch Manager and currently serves as Compliance Officer and Director of Portfolio Management specializing in retirement and fixed income. Jean attended Skidmore College in Saratoga Springs, NY. She is active in community affairs and education and serves as President on the Board of Directors of the Mental Health Association in Orange County, Inc. and as Trustee for the Orange-Ulster Board of Cooperative Educational Services.



Jean Pavsek  
Director of  
Portfolio Management  
Compliance Officer

## Biondo In The News...

- **Emerging Manager Monthly**: April 2007 “Biondo Sees Interest As Firm Nears Third Year” by Matt McCue
- **Ticker Management Talk**: May 2007 “In Management We Trust” by Manish Shaw

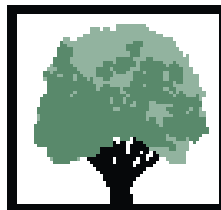
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