


**Spectrum Investor® 2nd Quarter 2009
 Investment Review**

Enclosed are your investment returns for the 2nd quarter 2009 along with our privacy notice. The stock market's biggest quarterly gain in more than 10 years was fueled by hopes that the shrinking economy would start growing again in the later stages of 2009. The S&P 500 Index gained 15.2% for the quarter and 1.8% for the year with the market hitting a low on March 9th, hopefully marking the end of the 18 month bear market. (WSJ, 7/1/09).

Despite this strong rally, Warren Buffett recently commented that unemployment has a ways to go and he would not be surprised to see it hit 11% before it recovers. Mr. Buffett says an index he keeps an eye on is the Freight Index, which shows the movement of raw materials. The Cass Freight Index was down 25% in April, 2009 compared to the same month a year ago, which concerns him and likely indicates that we are in for a slow, grinding recovery. (ABC-Good Morning America 7/9/09)

As Bob Rodriguez, fund manager from First Pacific Advisors, stated at the Morningstar Conference in May, "we went over a waterfall but the river is still flowing south." He also stated that the worst may be over, but the recovery is just under way. Economies hit by severe banking crises generally take a longer time to regain their health as we go through the cycle of de-leveraging. On a positive note, as Warren Buffet stated, "we are going to come out of this better than ever. The best days of America lie ahead but not next week or next month." (Reuters 7/9/09) (WSJ 7/12/09)

Historically, the economy typically lags the investment markets by about five months. Keep in mind unemployment is a lagging economic indicator, not a leading indicator. (Stephen Leeb, *The Complete Investor* 4/09) Morningstar recently completed a study of the last five market corrections (1987, 1989, 1998, 2000 & 2001). The study indicates that following the market downturns, the 3- and 5-year cumulative returns of a lower risk balanced portfolio of 60% stocks/40% bonds in most cases performed as well as or better than a 100% stock allocation. Past performance is not necessarily an indication of future results. Even though we have had a strong rally since March 9th we continue to suggest that investors maintain a balanced portfolio.

A milestone this quarter was the bankruptcy of Chrysler in April and General Motors in June, 2009. Another significant event in the 2nd quarter was Bernard Madoff being sentenced to the maximum 150 years behind bars for what the judge called "extraordinary evil" fraud that shook the nation's faith in its financial system. **So what can the average investor learn from this landmark sentence?** The key question to be asked of any adviser is "do you have a brokerage or custodial banking agreement for clients' accounts? The answer should be that the adviser does not have custody of any funds, which is the case with our firm, Spectrum Investment Advisors. All 401(k) assets are in custody of the trustee/record keeper of the 401(k) plan, such as Emjay, Fidelity or Principal. In the case of our wealth management clients, the custodian is TD Ameritrade and not Spectrum Investment Advisors. We act only as the advisor, not the custodian or trustee. In contrast, Bernard Madoff was maintaining personal custody of his investors' assets rather than using a third party custodian to hold investors' funds. A third party custodian, which provides separate statements not provided by the advisor, helps assure investors that their investments are where companies say they are. (WSJ 6/30/09)

To build our brand, effective May 1, 2009, we changed our name from Christiansen Investments to **Spectrum Investment Advisors** and also filed for a trademark on our tagline "**Colors Simplify Investing**SM". We also co-sponsored our 4th annual Retirement Plan Investment Seminar along with the Wisconsin Institute of CPA's at the Country Springs Hotel in Waukesha. The meeting featured Matt Flanary, an ERISA attorney from the Davis & Kuelthau law firm, Bob Landaas, President of Landaas & Company and David Mainz, author of the book *Survival of the Fittest*. This is the book, which we always mention in each of our 401(k) meetings about taking care of your health. (10,000 steps a day, 3-4 times a week) The seminar was attended by over 300 people representing over 200 companies in Wisconsin and northern Illinois. For those of you that attended our seminar, especially those that drove a great distance, thank you.

Should you wish to reallocate your portfolio, for assistance please contact our office at sia@spectruminvestor.com or call 1-800-242-4735. For a copy of this newsletter and our ADV Part II, please visit our website at www.spectruminvestor.com. We appreciate your business.

Spectrum Investor® Update 6/30/09

Category Average	2 nd Qtr	1 Year	3 Year
Intermediate-Term Bond	5.72	1.64	3.62
Moderate Allocation	13.18	-17.77	-4.15
Large Cap Value	16.69	-26.60	-9.92
Large Cap Blend	16.79	-26.41	-8.34
Large Cap Growth	15.74	-27.13	-6.86
Mid Cap Value	19.41	-26.25	-9.28
Mid Cap Blend	20.06	-28.13	-9.00
Mid Cap Growth	17.50	-30.56	-8.12
Small Cap Value	22.68	-23.55	-10.51
Small Cap Blend	22.27	-25.97	-10.78
Small Cap Growth	21.00	-26.87	-9.48
Foreign Large Blend	23.96	-32.42	-8.24
Real Estate	29.88	-43.13	-19.10
Natural Resources	20.66	-46.59	-7.04

Source: Morningstar, 3 yr return is annualized by Morningstar. Past Performance is not an indication of future results.

The best days of America lie ahead but not next week or next month.

Dow: 8447
 NASDAQ: 1835
 S&P 500: 919
 Barrel of Oil: 69.89
 06/30/09

10Yr T-Note: 3.54
 Inflation Rate: -1.3% (2/2009)
 Unemployment Rate: 9.5%
 Source: www.bls.gov (6/09)
 Source: USA Today 7/1/09

**THE WOODSTOCK OF CAPITALISM
MAY 2, 2009**

On a personal note for the third consecutive year, Manuel Rosado, Jonathan Marshall and I from our office, along with Gary Vanden Heuvel, President of the BLC Community Bank and Scott Fiducci from the Davis & Kuelthau law firm attended the annual Berkshire Hathaway shareholder meeting in Omaha, Nebraska. Many refer to the meeting as the **Woodstock of Capitalism** with over 35,000 shareholders attending on May 2, 2009. The core of this year's meeting was a five hour question and answer session from shareholders and also three members of the media. As Warren Buffett, 78 and Charlie Munger, 85, answered questions, we couldn't help but think how precious it was to witness two industry icons discussing the market at their age. We loved Warren Buffett's longtime sidekick Charlie Munger. He often supplemented Warren's answers with comic relief. However, if he didn't have anything to add, he would simply say "I have nothing to add". Below are a few of the questions that Warren Buffett and Charlie Munger answered:

How much research should I do in determining whether or not to buy a company?

WB *Look for a brand name stock with a durable competitive advantage, preferably with a wide moat that doesn't constantly require new capital. If you need to use a computer or a calculator to determine whether you should buy the company, don't buy it. It's too complicated. You need to keep it simple.*

CM *Some of the worst business decisions are made with way too many calculations. Generally it is quite smart to copy very successful investors. Warren and I copied Ben Graham's thoughts on investing decades ago.*

When will the housing sector turn around?

WB *In the United States, the average number of housing units built each year is 1,300,000 to satisfy demand. In the early 2000's, we had multiple years of over 2,000,000 units built per year, which is now down to 500,000 units per year. With the current excess inventory of approximately 1,500,000 housing units, at the current building rate of 500,000 a year, it will take approximately two years to eat up the excess inventory before housing can return to its normal building rate.*

What went wrong with our economy in the past two years?

WB *The impact of derivatives caused leverage to run wild and add strain to the economic system.*

CM *Leverage is what causes people trouble in this world.*

Can you comment on the role of directors in this economy?

WB *Directors, who are overly compensated, can be dangerous to a company's future because they tend not to disagree strongly with the CEO. Once a board of directors picks the right CEO, the second most important job is to not let the CEO overreach from a bout of over confidence, which usually occurs after a great year.*

CM *A lot of companies are run stupidly by trying to outdo the previous quarter – short term thinking.*

Our country is spending approximately 10% of the stimulus package on infrastructure. Should we be spending more of the stimulus package on infrastructure?

CM *Warren, let me answer this one. Yes!! (Resulting in a big roar from the crowd) Our nation's electrical grid needs a major update.*

In comparison, China will spend upward of 75% of its stimulus package on infrastructure with plans to build 30,000 miles of new roads in this decade. (*BusinessWeek* 7/1/09) China will also sell 11 million vehicles this year up a stunning 20 times the number of vehicles sold in China just a decade ago. China will likely overtake the USA where expected new vehicle sales this year will be 10 million units, making China the biggest car market in the world. USA auto sales hit 16 million as recently as 2007. (*USA Today* 6/14/09)

What should I look for in attempting to hire a manager for my company?

WB *Look for a manager that loves what he does. You can spot people that love and have passion for their jobs. Also, look for managers who have the vision to anticipate things that have never occurred before. A key question regarding the potential of a manager's vision, is how much and what do they read. (Warren Buffett reads 4-5 hours a day.)*

How smart do I have to be, to be a good investor?

WB *If you have an IQ of 150, sell 30 points. It's controlling your emotions versus having a high IQ that makes the difference in being a good investor.*

Why not go to cash in a market that is trending down?

CM *We would not want any of our managers to go completely to cash, it's too big of a bet.*

Charlie Munger and Warren Buffett follow the teachings of Ben Graham, author of the Intelligent Investor, who suggests a minimum of 25% in stocks and a maximum of 75% in stocks. Ben Graham says "if you don't know what else to do, invest 50% in stocks and 50% in bonds". Warren Buffett kept repeating Ben Graham's words at the meeting, "have a margin of safety". (Intelligent Investor)