

Spectrum Investor® 4th Quarter 2007 Investment Review

Enclosed are your investment returns for the fourth quarter ending December 31, 2007 along with a 2007 updated Spectrum Investor® Historical Analysis. After strong gains in '03, '04, '05 and '06, the market finished with moderate gains, with the S&P 500 Index finishing at 5.5%. During 2007, after underperforming for six years, growth outperformed value funds. Large caps outperformed small caps and with the dollar falling over 8% in each of the past two years, international stocks outperformed U.S. stocks (*Barrons* 1/7/08).

The investment community learned a new word in 2007: **subprime**, which dominated the investment landscape for the year. With more ARM loans scheduled to reset in 2008 than in 2007, the banking sector and real estate sector will likely continue to struggle in 2008 (*Strategic Investment* 8/07).

In 2008, the economy will undoubtedly slow from the current pace, with the Federal Reserve likely to continue lowering interest rates potentially fueling inflation. With so many of the products we use every day coming from abroad, it is easy to forget that in certain industries the U.S. continues to remain the envy of the world. Whether it is large computers, farm equipment, airplanes or advanced medical equipment, the U.S. is still number one when it comes to manufacturing quality products. The weak dollar also makes our products an absolute bargain in the world markets, which long-term, should help our nation's balance of trade deficit (*Fidelity Insights* 1/08).

We continue to favor **large cap growth** (red), **international** (white), **balanced** (moderate allocation), **bonds and fixed income** (aqua) and **natural resources** (black). The long-term trend is to **buy what China buys**. China's demand for natural resources will be enormous due to the growth of their nation's fixed assets. China's ports, bridges and roads double every two and a half years (Jim Rogers, *A Bull in China*). As Ken Heebner from CGM says, "As people go from bicycles to motorcycles to cars, there will be a big increase in fuel consumption" (*Kiplinger* 1/08).

Another long-term trend is that 2008 is the year that the first of 78 million baby boomers are expected to retire with about one-third actually retiring at 62 (*Yahoo Finance*, 1/11/08). In comparison, in 1935 when social security was enacted, the average age of retirement for the previous generation was 69. With the first of the baby boomers retiring and beginning to withdraw a portion of their stocks, it's significant that the cash-rich and oil-rich countries are beginning to invest in our stock market, which gives it support (Jeremy Siegel, *Stocks for the Long Run-4th* edition). **Sovereign wealth funds** from countries such as Saudi Arabia and China are increasingly becoming powerful buyers in many markets alongside private investors. For example in November, the Abu Dhabi Investment Authority bought 4.9% of Citigroup and China invested \$5 billion in Morgan Stanley (*USA Today* 12/10/07). "Long-term, it's likely that global companies serving a global marketplace will be globally owned" (Erik Kobren, *Fidelity Insights* 1/08).

The upside of the market going forward is that corporate balance sheets remain strong and should be able to weather the more difficult economic environment in 2008. However, after years of plentiful and cheap risk capital, which has raised our nation's **inflation** rate, the pendulum has swung the other way. As a result, merger and acquisition activity, which drove the market up in early 2007, should decline this year.

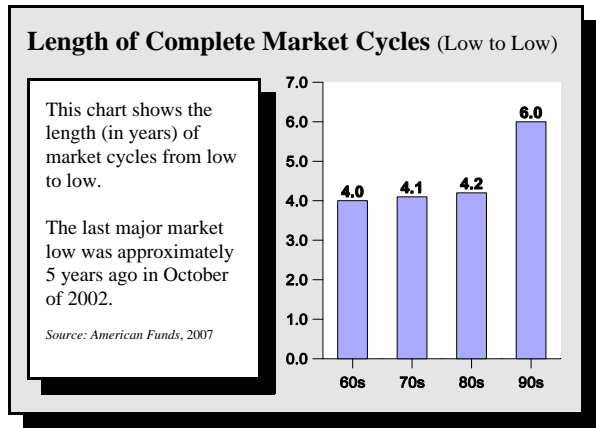
After five strong years, the bull market is getting old (see chart) so 2008 may be a good time to review and rebalance your portfolio. Making modest changes in your portfolio is far better than darting in and out of the market in a big way. There are very few rich market timers in the country. Going forward, realistic expectations are the key to successful investing. Keep in mind that winning in the investment world is defined as Warren Buffett says, "by avoiding big losses or avoiding big mistakes." Let up on the gas occasionally, stay in the game and let time take care of the bumps in the road. As we close in on the end of the decade, unless you are in your 20s or 30s, we suggest you invest no more than 65% in stocks. If you are an aggressive investor, pulling back by 10-20% out of stocks may be prudent in this market if you haven't already done so in the past year. For 401(k) recordkeeper rebalance instructions visit our website at www.ciadviser.com. Past performance is not necessarily an indication of future results. Prospectus are available on your provider's website.

Will Danoff, manager of Fidelity Advisor New Insights and Fidelity Contrafund, was named Morningstar Domestic Stock Fund Manager of the Year. In addition, Bill Gross, who manages the PIMCO Total Return fund, was named Morningstar Bond Manager of the Year. Christiansen Investments had the good fortune recently of being featured in the December 2007 issue of both *PLANSPONSOR* and *planadviser* magazines as one of 43 finalists for the 2007 Investment Adviser Team of the Year. The winner will be announced in April. There are over 10,000 investment advisors in the country of which 200 were nominated. We love what we do.

We appreciate your business.

Spectrum Investor® Update 12/31/07 Total Return			
Category Average	4 th Qtr	1 Year	3 Year
Int.-Term Bond	1.73%	4.70%	3.53%
Balanced (Mod. Alloc.)	-1.37%	5.99%	7.32%
Large Cap Value	-5.08%	1.42%	8.29%
Large Cap Blend	-2.82%	6.16%	8.71%
Large Cap Growth	-0.68%	13.35%	9.11%
Mid Cap Value	-5.07%	0.83%	8.44%
Mid Cap Blend	-4.14%	4.85%	8.84%
Mid Cap Growth	-1.44%	15.09%	11.23%
Small Cap Value	-6.84%	-6.08%	5.02%
Small Cap Blend	-5.65%	-1.10%	6.93%
Small Cap Growth	-3.61%	7.59%	7.94%
Foreign Large Blend	-1.41%	12.71%	17.22%
Natural Resources	7.09%	37.12%	27.77%

Source: Morningstar, 3 Year Return is annualized.
Past performance is not an indication of future results.



12/31/07	S&P 500: 1468
Dow: 13264	10Yr T-Note: 4.02
NASDAQ: 2652	Inflation Rate: 4.3% (Nov 07)
Barrel of Oil: \$95.98	
Source: <i>USA Today</i> 1/2/08	