



August 23, 2007

Dear Client,

Summer

The final days of summer are here already! Hopefully there's still time to relax, take a few additional days vacation and rejuvenate body and mind before the year-end clamor begins. Now is also a good time to review progress for the year and to consider what may lie ahead. My thoughts on 2007 so far...

Markets and Economy

Both U.S. and most International stock markets ran up during the first half of this year, and subsequently experienced a correction in July and August. During the year the S&P 500 peaked on July 19th at 1553 and then during the next four weeks corrected to a low of 1406. This constituted a -9.5% correction from peak to bottom. The S&P 500 has since rebounded and closed at 1464 on August 22nd, capturing 5.7% of its lost ground since July 19th. Since 1990, the S&P 500 has earned a positive return in 13 of 17 calendar years. During each year, at least one pullback can be observed, ranging from -5% in 1993 to -30% in 2002. The average drop during any given year was -12% over an average length of 60 days. This puts recent market activity into perspective: By the way, since 1990 the S&P 500 is up 493% (including dividends).

Through 8/22/07 the S&P 500 remains positive for the year, up 1.2% year-to-date, while the MS EFAA International Stock Index is up 2.18% year-to-date. Conversely, the Bond Markets barely advanced with the Lehman Brothers Aggregate Bond Index returning 2.6% year-to-date. Commodities and particularly energy have been strong segments, while the Real Estate segment is down -9.9% year-to-date as the financial sector feels the pressure from Sub-prime lending and overall credit concerns. The Fed left short-term interest unchanged for the entire year, and the economy is headed for a soft landing.

Unless credit concerns really escalate, the economy should be able to grow at a moderate rate, resulting in continued but moderate corporate earnings growth. Corporate earnings growth ultimately moves equity markets upward. This most recent correction brings to light the need for portfolio risk management, as it did in the Mexican bailout of 1995, the Asian Contagion of 1997, the Internet Bubble of 2000 and post-9/11/01, all significant events. If you look back at how diversified portfolios have fared during these times and since, it is easy to see that these risks and events can be effectively managed and mitigated through appropriate asset allocation. Your retirement and non-retirement investment accounts need to maintain an appropriate balance between growth and risk management. I encourage you to review any or all of your investments with me, including your employer sponsored 401k plans, to ensure your portfolio remains in balance.

Family Planning Concerns

Americans continue to increase average lifespan and feel pressure from raising their own children while becoming increasingly involved in caring for parents. This “perfect storm” is endangering many of us. It creates a set of unique challenges when planning for retirement. It also creates a real opportunity to fully understand the many challenges our parents face and to decide for ourselves how we want to handle and plan ahead for these same issues that we will undoubtedly face. Common future concerns include loss of independence, dealing with changes in residence and forms of assisted living, managing financial assets and paying bills, personal and financial security. Ironically, when a parent’s crisis makes us recognize that our parents are aging and becoming more dependent on us, we feel the need to think through our own futures too. In many cases however, we haven’t had the intimate discussion with parents about their own planning or their current financial situation. The opportunity to decide for ourselves what our own retirements should look like, and how we will handle the issues of aging, is at hand.

A first step is to sit down and talk with your parent(s). I suggest beginning by letting them know you are there to help. Ask them what planning they have done for the future. If they haven’t updated their wills since you were kids, help them realize how much has changed and their need to get organized, for their sake and yours. Inquire how they are doing financially, including cash flow and their ability to pay bills. A financial inventory, including any life and or long-term care insurance and their estate planning documents, will give you all a greater sense of where they are and help determine if anything needs to be adjusted. Guiding your parent(s) through this process can result in some brutally honest communication. Focusing on their goals and concerns may also give them the opportunity to provide support for you and your family’s plans. If you and your parents want help clarifying and addressing issues, such as retirement income, risk management and estate planning, I can help by facilitating a family meeting and progressing from there. I understand.

Lund Financial Group Happenings

2007 is a growth year. We continue to provide more comprehensive financial services and education to our existing and new clients. In the spring we presented a variety of education planning and retirement planning workshops in the communities of Mansfield, Foxborough, Sharon, Franklin, Braintree, and Duxbury. Some of you attended our newest 6-hour comprehensive course “Retirement Planning Today” in Franklin in May. This course continues to receive great feedback and will be offered in the fall in Franklin, as well as two classes at the Community College of Rhode Island, Lincoln campus. Schedule updates posted at www.lundfg.com. Just a few days ago I was again on the Boston Globe series “Personal Finance Chat,” the one-hour live dialogue where individuals can log on and ask questions. I enjoy being part of this community show. When you visit www.lundfg.com, remember the secure *Clients Only* section to access your investment accounts and your personal financial plan.

Choice

You choose who you trust. Thank you for continuing to work with us. We remain committed to providing intelligent, friendly advice, service and comprehensive plans. We look forward to a bright future together.

Best Regards,

Christopher Lund, MBA, CFP®,

* Sources for this newsletter include: Morningstar, Thompson Financial, Investment Advisor.com, BCA Research, and Market Watch from Dow Jones