



February 5, 2007

Dear Client,

### **Winter**

It's the beginning of a new year—a busy time thinking and organizing New Year activities for you and your family. It is also a good time to reflect on the year gone by and to celebrate your accomplishments. Let me do my part and provide a quick review of 2006 from an economic and a financial markets perspective.

### **Markets and Economy**

Both U.S. and most International stock markets staged explosive fourth quarter rallies to end the year with impressive double digit averages. The S&P 500 Index returned 15.79%, the MS EFA International Stock Index returned 26.53%, and the Lehman Brothers Aggregate Bond Index returned 4.33% for the year. Mid-year markets did not look so positive after U.S. stocks had given back most of their returns in the 2<sup>nd</sup> quarter. The markets made a phoenix-like recovery in the 2<sup>nd</sup> half as energy prices declined, the Fed ended their streak of seventeen ¼ point interest rate hikes, inflation concerns ebbed, and a consensus was gained that the U.S. economy was neither overheating nor entrenching.

Economic activity in the manufacturing sector expanded in December following a one-month decline, while the overall economy grew for the 62<sup>nd</sup> consecutive month, according to the nation's supply executives in the latest Manufacturing ISM Report on Business. The Labor Department reported payrolls expanded by 167,000 jobs in December with strong gains in the service sector offsetting a drop in construction jobs. As a result, the nation added a net total of 1.8 million jobs in 2006 and unemployment remained unchanged at 4.5%, near a five-year low. Total existing home sales rose in November to a seasonally adjusted annual rate of 6.28 million units, 10.7% below the 7.03 million-unit pace in November 2005. Consumer sentiment remains positive despite the persistent weakness in the housing market. "Consumers anticipate a slower pace of economic growth but no economy-wide downturn during 2007," said Richard Curtin, Director of the University of Michigan's Survey of Consumers. Curtin went on to say "the consumer data indicate that despite declines in residential investment, inflation adjusted personal consumption expenditures will advance at a 3.0% rate of growth during the year ahead." If you would like to review your 4<sup>th</sup> quarter investment report or discuss your personal plans for the next year, give me a call. I am always ready to help.

### **Lund Financial Group Happenings**

2006 was a significant year of change for my firm as we continued to provide more comprehensive financial services and education to our existing and new clients. Fall was a busy time during which we presented a variety of education planning and retirement planning focused lectures 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 Braintree in October and November. This course received fantastic feedback and will definitely be offered again in 2007. The 2007 Winter/Spring speaking schedule will be updated in our newly launched website at [www.lundfg.com](http://www.lundfg.com). Check it out. There is a *Clients Only* section where you can access your investment accounts *and* your detailed financial plan. Finally, in December I participated in the Boston Globe series "Personal Finance Chat," a half-hour live dialogue where

individuals logged on to ask personal finance questions. I enjoyed responding to many questions on a variety of personal finance topics.

### **Personal**

On a personal note, my wife Jennifer and I welcomed our son Jack Thomas Lund into the world on November 26<sup>th</sup> at 4:15 a.m. Jack wasn't expected for another 8 weeks so he really took his parents for a surprise and was quite the little fella born at 2lbs 9oz. He has been at the Brigham and Women's Hospital getting fantastic care and feeding quite nicely. I am happy to report that today Jack weighs 6lbs 4ozs and arrived home to our loving arms. *Thank You* to the many of you who sent cards, gifts and your best wishes for Jack and us. Jennifer and I have been truly amazed and blessed at the generosity that so many of you have shown us during this extremely challenging time.

### **Choice**

You have a choice in whom you entrust your financial future. Thank you for continuing to work with me and my firm. We remain committed to providing friendly advice, service and comprehensive plans, and look forward to a bright future together.

Best Regards,

Christopher Lund, MBA, CFP®, CLTC

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