

THE QUARTERLY REVIEW

FIRST QUARTER 2007

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"There is a time when we must firmly choose the course we will follow, or the relentless drift of events will make the decisions."

—Herbert V. Prochnow



"Every man has a right to his opinion, but no man has a right to be wrong in his facts."

—Bernard Baruch

"Nothing is more difficult, and therefore more precious, than to be able to decide."

-- Napoleon Bonaparte

If you know even a little about Napoleon Bonaparte's *choices*, you know that he did not always make the best decisions (like trying to attack Russia during the winter). He did, however, understand the importance of choosing.

It is estimated that only 3% of all people in the United States set specific, defined and detailed goals. There are two reasons why people don't set goals:

1. They do not know how
2. They are afraid of failing

Financial Planning is a way to set one's financial goals in place and develop a strategy as to how to make those goals a reality. To develop and put a plan in place does not deliver a guarantee, however. How many sports teams actually develop and execute a flawless game plan? Very few.

Games are played to be won. The team that wins the most games wins the Championship. Championships are typically won by the best teams, organized by the best coaches. Yet most people, with their livelihoods at stake and the well-fare of those that depend on them hanging in the balance, fight their daily battles without a game plan – no specific, defined or detailed goals.

Investing with a strategic plan is the only way to build a successful portfolio while maintaining lasting peace of mind. Proper investing uses a scientific and systematic approach. Investing is different than speculating; speculating is stock picking, market timing and track record investing. These are propagated as "strategies" for investing, but this propagation is a lie; lies that are supported by the financial media time and time again. Turn on any show that deals with investing and you will hear them talk about picking the right stocks, making a "play," getting in and out of the market at the right times and making "sound" investment decisions based upon the track record of the company, industry or mutual fund.

Aubry Financial Group has recently developed a program entitled "The 7 Obstacles Keeping You From Achieving Financial Success." This program was developed due to the lack of proper financial education in the United States. It is a tool to better-educate people as to what choices they really have when it comes to money and investing. The "7 Obstacles" discussed are:

- No Direction for Success
- Financial Professionals
- Financial Plan Scams
- Lousy, disappointing and mediocre investment strategies
- Investment Pornography
- Failure to Understand Financial and Economic Forces
- Emotional Investing Over Objective and Scientific Investing

At the heart of everything in this life is the opportunity to choose – choose what to do, how to react and how to change. When it comes to money and investing, the reason why the decision is so difficult is that the choice is up to you. And that is what makes the decision so precious.

If you would like to attend one of Aubry Financial Group's Web Seminars about the "7 Obstacles," please contact Jamie Grant at jamie@aubryfinancial.com.

To your choices,

Mark J. Aubry, CEA, WMS
President

FROM THE RESEARCH DESK...

The first quarter of 2007 was an interesting one to say the least. Both the equity and bond markets began the year with considerably more volatility, primarily due to growing concerns over China's overheated economy and the falling U.S. sub-prime residential mortgage market. Despite the volatility and investor concerns, the U.S. economy posted impressive figures by the end of the quarter. Positive numbers for the financial markets, a declining unemployment rate (down 0.23% from FY06 Q1), and strong corporate earnings growth helped fuel and stabilize the U.S. economy.

Equity Markets:

The S&P 500 finished the quarter with a 0.64% gain, while the Dow Jones Industrial Average posted a 0.33% loss. Among domestic equities, small and mid cap stocks outpaced large cap stocks for the quarter, while value stocks continued their domination over growth stocks. International stocks also posted a strong 4.15% return, driven in large part by the strength of the emerging market economies and the weakening dollar.

Bond Markets:

The bond market experienced a flight to quality in the first quarter due to equity market concerns. Returns for most bond markets were higher as The Lehman Brothers Aggregate Bond Index posted a strong 1.5% return (up 0.26% from FY06 Q4). Government and corporate bonds were also positive for the quarter as corporate bonds edged out government bonds by the end of March. International bond markets kept the trend going with a solid 1.47% return for the quarter.

Aubry Financial Group:

At Aubry Financial Group, we are more than satisfied with our first

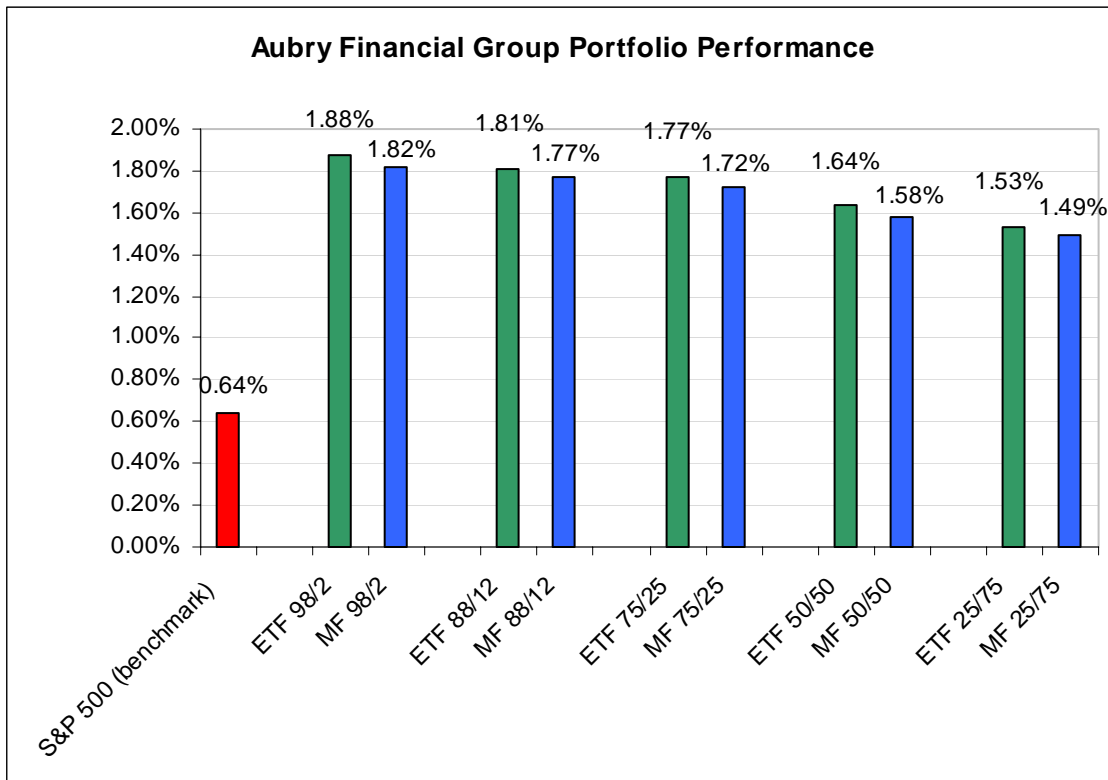
quarter results. Each of our model portfolios clearly out-performed their benchmarks, exhibiting substantially higher returns with considerably less risk. While we could just let the numbers speak for themselves, we like to remind you of a few reasons why we are able to consistently add value to your portfolio:

- Portfolio allocations structured by quantitative parameters developed through decades of rigorous academic research
- Broad domestic and international exposure
- Lowest possible transaction costs we can provide for our client
- Exposure to meaningful risk factors

As you can see below, our ETF portfolios outperformed our mutual fund portfolios by a slight margin. The reason for the difference between our ETF and mutual fund returns is primarily attributable to differences in costs. You might remember that mutual funds tend to have more complicated and varied associated costs than ETFs.

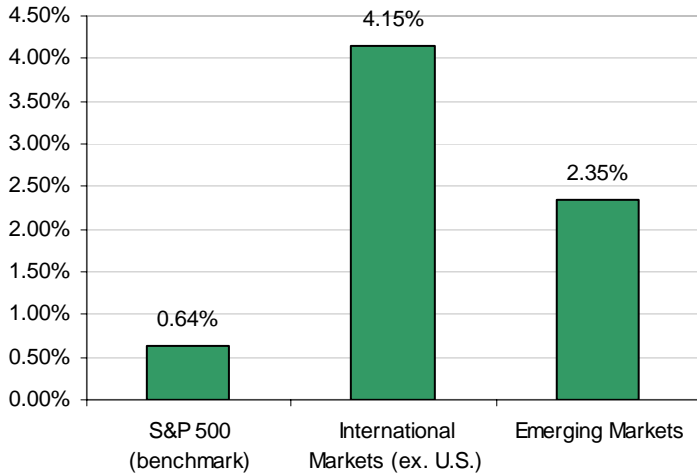
As we move further into 2007, we remain confident in our investment strategies and their ability to help you reach your financial objectives. While the first quarter results are outstanding, please remember that this is only a tiny snapshot of your long-term investment outcome. As always, please feel free to contact us with any questions as we welcome the opportunity to spend time with you to review any issues you may have.

Peter G. Brown
Research Manager

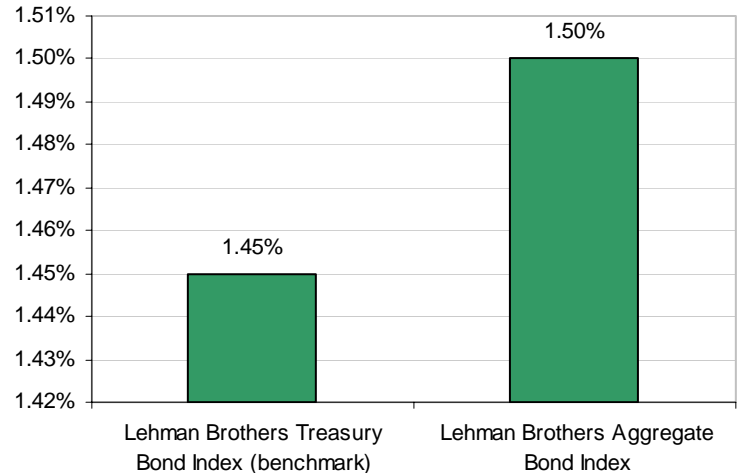


QUARTERLY MARKET PERFORMANCES

International Equity Performance



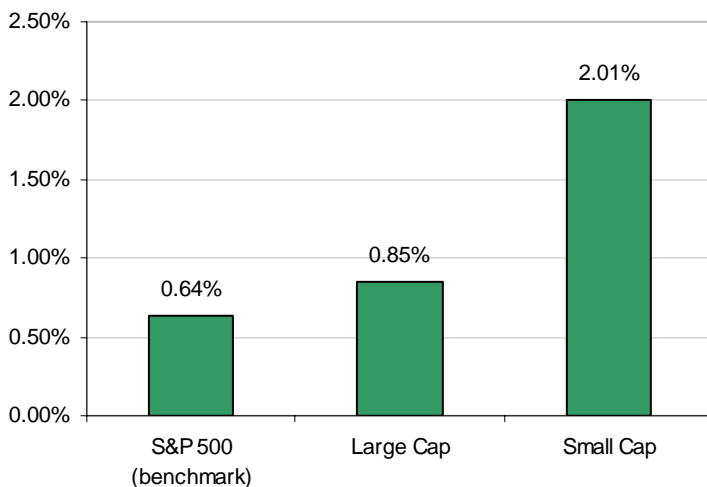
Domestic Bond Performance



“Opportunity has the uncanny habit of favoring those who have paid the price of years of preparation.”

-David H. Burnham

Domestic Equity Performance: Large vs. Small



Domestic Equity Performance: Growth vs. Value

