



Happy New Year and best wishes for a prosperous and healthy 2008. I hope you had a great holiday season.

I am pleased to report that last year was a successful year for performance. We were able to capture the returns of the bull markets, avoid the bear markets, and invest in diversifiers.

The bull markets are being driven by global growth. Countries and regions outside of the US are growing faster. The products and services they consume are in demand, and the industries that produce them are in bull markets. I believe that the global growth theme will continue to dominate the investment landscape and that the difficult domestic issues we face, while significant, will ultimately be overshadowed by greater global forces of change. Identifying these changes successfully, as we did in 2007, will be the key to outperforming the markets in the coming year and beyond.

**Bull Markets**

Energy  
Agriculture  
Technology  
Defense  
Infrastructure  
Basic Materials

**Bear Markets**

Housing  
Finance  
Consumer Durables

**Diversifiers**

Consumer Staples  
Health Care  
Consumer Staples

I am finding excellent equity investments in larger capitalization companies that share the following characteristics: significant percentage foreign sales, dominant competitive industry position, great sales growth, excellent cash flow valuation, shareholder friendly managements, and positive relative price strength.

The New Year has begun on a down note for the S&P 500. I am monitoring developments closely and will be discussing strategy in upcoming letters. For now, global growth and its beneficiaries is the dominant investment theme.

Last year was one of our best relative performance periods. I appreciate your trust very much and I am confident that my team will continue to provide the highest quality investment management service. With that in mind please take a moment to recommend Hutchens Investment Management to a friend, family member, or business acquaintance. I have included some material in your report for that purpose.

Thank you and again, Happy New Year.

Sincerely,

William D Hutchens, Jr.  
President