



VIEWPOINT

BIONDO INVESTMENT ADVISORS Q4-07 NEWSLETTER

2007 was a solid period of performance for The Biondo All-Cap Growth Strategy. For the year, the strategy posted gains of 16.87%, as compared to 11.39% for the Russell 3000 Growth Index and 5.49% for the S&P 500 Index. The success achieved in 2007 can be attributed to both good stock-picking and to some good fortune – we owned some very high-performing stocks and did a decent job of avoiding many, though not all, of the market’s land mines.

2007 saw quite a dramatic shift from value to growth stocks. In fact, most of the Russell Value indices were negative for the year, while most of the Russell Growth indices were positive. Over the prior six years value had solidly outperformed growth, leaving many investors overly tilted toward value. This made for a disappointing year for many on Wall Street and history will likely repeat in 2008 for those that fail to recognize this shift in leadership.

While it is always great to have such a solid year, it is crucial to our long-term success to always be looking forward. There are some serious concerns to be addressed for 2008. Storm clouds have been brewing over the past months and have the potential to darken as the New Year begins. The economy is slowing and estimates for earnings growth for the market as a whole are being dramatically reduced. Problems continue to mount in the financial sector and oil prices have soared to nearly \$100 per barrel. Add in the lack of confidence in the Federal Reserve Board and it makes for a clearly challenging period in the near-term.

We are entering a presidential election year in 2008, which could have quite an impact on equity markets. In its current state, the US economy will at best narrowly avoid recession. Any policy that threatens a rebound in economic activity – such as higher tax rates – will be perceived as major negatives for stocks as a whole.

Clearly, the Federal Reserve will have to act aggressively and decisively in the near term in order to restore confidence. While it has become increasingly clear to investors that they are “behind the curve,” a window of opportunity still exists. While investors should never hang their hat on such policy, we do believe that The Fed will do what is necessary in the coming months. Interest rates must be brought in line with market rates – as of 1/16/08 the three-month Treasuries were yielding 3.03% while the Fed Funds rate sat at 4.25%.

Cutting away from the “Gloom & Doom,” we remain optimistic about growth stocks in 2008. The shift from value to growth will continue, creating demand for companies that will continue to grow revenue and earnings despite the economic backdrop. Valuation for such companies remains compelling, and in our view, makes US growth stocks one of the most attractive investments available to investors today. We are confident that in the end, 2008 will be another prosperous year for All-Cap Growth.

Sources: Zephyr Style Advisor & Market Street Advisors

ALL CAP GROWTH STRATEGY

TO THE POINT...

In the fourth quarter most of our buys and sells were in health care. We repositioned in companies that are faster growing, early in their growth trajectory and attractive on a valuation to growth basis. We also added to technology, as we are underweight in the sector and have increased confidence in the sector's earnings visibility.

There were four companies added to the All Cap Growth strategy portfolio during the fourth quarter of 2007:

Accuray (ARAY)

Accuray's Cyberknife is a highly efficacious and differentiated radiation tool that treats soft-tissue cancer patients. Their patented technology delivers radiation in a highly concentrated laser-like beam. This method of delivery allows for higher precision and less damage to the surrounding, non-cancerous tissue. Today, there are only 114 Cyberknife placements. The U.S. market opportunity alone is >5,000 oncology offices, though Accuray has also sold units in China and India. As of 12/31/07 when the stock price closed at \$15.22, our initial price target for ARAY was \$27.50.

Cubist Pharmaceuticals (CBST)

Cubist's sole product is CUBICIN. We believe CUBICIN is the best of a new class of drugs designed to treat bacterial infections such as Staphylococcus aureus (Staph infections), of which the most severe strain is MRSA. The opportunity for market share gains is large. The existing standard of care, Vancomycin (85% market share), has become less effective as current bacteria strains continue to build resistance. Furthermore, Zyvox, CUBICIN's second largest competitor, has recently been given the black label by the FDA. As of 12/31/07 when the stock price closed at \$20.51, our initial price target for CBST was \$28.

MEMC Electronic Materials (WFR)

MEMC is one the world's leading producers of high quality, polysilicon. Polysilicon serves as the base material for semiconductor and solar panel production. As electronics and solar energy consumption continue to increase, demand for polysilicon has remained high. In fact, most recently there has been a shortage, thus causing some solar panel producers to sign 10 year contracts with MEMC. In a couple years we believe that solar contracts will represent more than 50 percent of sales. As of 12/4/07, when the stock price closed at \$74.27, our initial price target for WFR was \$94.

United Therapeutics (UTHR)

United Therapeutic's lead drug, Remodulin, serves the Pulmonary Arterial Hypertension market, one of the fastest growing biotech markets. Recently, the company released positive Phase III results for an inhaled version of Remodulin. The data showed high efficacy, a solid safety profile and better dosage characteristics versus existing therapies. We believe this news paves the way for approval in late 2008. If approved, this drug could double the company's revenues, and is an additive to its already high growth rate. As of 12/31/07 when the stock price closed at \$97.65, our initial price target for UTHR was \$120.

Strategy / Benchmark	One Year	Three Year	Five Year	Ten Year	Since Inception 02.01.91
Biondo All Cap Growth Strategy	16.87%	11.25%	9.33%	12.30%	14.73%
Net of Max Wrap Fee	15.81%	10.13%	8.03%	10.77%	13.08%
Russell 3000 Growth	11.39%	8.10%	4.30%	5.84%	9.52%

Biondo Investment Advisors has prepared and presented this report for this newsletter in compliance with the Global Investment Performance Standards (GIPS®).

See Back Side for Disclosure Information.

There were three companies removed from the All Cap Growth strategy portfolio during the fourth quarter of 2007:

**Allscripts Healthcare Solutions
(MDRX)**

Allscripts, as a leader in the medical health records space, has been challenged to grow at the 30% that we expected. Although we believe that the company has superior products, its growth has been slowed by competitive pressures and the slow pace of hospital budget approvals. Given the reduced visibility of the actual growth rate, we think it is best to remain on the sidelines for now.

**Johnson & Johnson
(JNJ)**

Our price target of \$68 was achieved, and at 1.5x growth the upside was minimal. In addition, while we continue to believe that JNJ is a well-run company, its expected earnings growth of 10 percent is unimpressive. There are many other opportunities in the health care space with better growth prospects.

**Pfizer
(PFE)**

Pfizer continues to face challenges to grow sales due to mature products, patent expirations and a dearth of new drug launches. Lipitor (30% of sales), its largest drug, also experiences patent expiration in 2010. With limited drugs in the pipeline, we see no change in this trend in the foreseeable future. In addition, recent product launches have been disappointing. Exubera (inhaled insulin) has been discontinued and Chantix (smoke cessation) is under FDA scrutiny.

Source: Thomson Financial - Baseline and Thomson One

THE INSIDE VIEW

BIONDO IN THE NEWS...

- Financial Advisor Symposium: October 10, 2007 “How Equities Fit into a Retirement Portfolio”
- www.TheStreet.com: October 30, 2007 “Garmin Flying High” Priya Ganapati
- www.TheStreet.com: November 19, 2007 “Garmin’s Worries Aren’t Over” Priya Ganapati

NEED A SPEAKER...

Does your next conference or event need a guest speaker? Our presentations are educational and deliver valuable investment information. Contact Sharon Lolk, Marketing Associate, to discuss your next event.

slolk@thebiondogroup.com

CONTACT US...

Jason H. Wyatt
Director, Institutional Sales
jwyatt@thebiondogroup.com

Gregory Lutfy
Managing Director
glutfy@thebiondogroup.com

Sharon A. Lolk
Marketing Associate
slolk@thebiondogroup.com

Biondo Investment Advisors, LLC
All Cap Growth Composite Presentation Disclosures

	Gross Weighted Total Return %	Net Weighted Total Return %	Russell 3000 Growth Index %	Dispersion	Number of Portfolios	Composite Market Value (in USD Thousands)	Total Firm Assets (in USD Thousands)
2007	17.36	15.30	12.38	10.32	253	\$268,629.4	\$536,485.1
2006	5.31	2.82	9.46	6.08	304	227,896.5	464,177.4
2005	12.57	11.14	4.77	6.23	607	154,472.4	323,282.7
2004	10.56	9.79	6.92	5.87	507	104,511.3	277,590.8
2003	30.18	28.22	30.97	9.45	529	105,352.7	269,694.0
2002	(14.37)	(15.72)	(28.05)	7.08	504	83,508.4	205,346.9
2001	(0.37)	(1.88)	(19.63)	6.27	500	105,502.7	228,286.1
2000	1.14	(0.45)	(22.43)	9.51	405	104,559.9	216,207.5
1999	30.64	28.65	33.82	20.82	263	89,721.3	187,147.8
1998	34.91	32.90	35.04	15.45	156	59,816.1	132,449.1
1997	18.08	15.99	28.74	10.99	99	34,741.2	76,515.5

* 2007 Return data represented is from December 31, 2006 through September 30, 2007

Biondo Investment Advisors, LLC (the "Firm") is a registered investment adviser specializing in All Capitalization Growth Investment Management. The Advisers research and identify companies with exceptional growth prospects, capable management teams that specialize in niche business segments with high barriers to entry for competitors.

All Cap Growth Composite - pursues stocks with growth characteristics in all market capitalizations with an emphasis on Health Care and Financial stocks. The All Cap Growth Composite's asset allocation guideline for inclusion into the composite is generally 70% to 100% in equities and the remainder in high quality fixed income securities depending on economic conditions and the markets. Accounts may be excluded from the composite due to restrictions imposed on the managers. Accounts can be added or deleted from the composites due to terminations or strategy changes. The minimum account level for inclusion into the composite is ten thousand dollars. We allow for a 20% drift from the target strategy percentages based on client circumstances and short term situations.

The All Cap Growth composite was created on June 1, 1995.

The Composite is presented gross and net of fees incurred by the client. Bundled fee accounts are included in this composite and performance for them are presented gross of all fees ("Pure Gross"). Beginning January 1, 2006 Performance for the composite is reduced monthly by 0.2% to reflect the highest fee charged to bundled fee accounts. These fees are representative of transaction fees, management fees, consulting fees and custodial fees. Pure gross returns are included as supplemental information. As of year end 2006, 76% of the assets in this composite were bundled fee. Prior to January 1, 2006 actual fees were used to calculate net performance.

The composite returns include reinvestment of dividends and other such earnings.

A complete list and description of all of the Firm's composites is available upon request. Additional information regarding policies for calculating and reporting returns is available upon request.

Standard deviation of the composite performance over time is a measure of dispersion. A measure of dispersion may not be meaningful for composites consisting of five or fewer accounts or for periods of less than a full year. Standard deviation is calculated based upon gross total returns, asset weighted and only for composites with greater than five portfolios active for the complete period.

The standard fees charged, on an annual basis, by the Firm are negotiable and generally up to a maximum of 2.5% of assets under management. The fee schedule, as described in our form ADV Part II, for the All Cap Growth Strategy is based on average gross market value per quarter: Actual Investment advisory fees incurred by clients may vary. The All Cap Growth fee schedule is 2.5% up to \$500K, 2.00% between 501K to \$1MM, 1.75% between \$1MM to \$4MM, 1.0% between \$4MM to \$10MM, .75% between \$10MM to \$20MM and any accounts over \$20MM a negotiated fee.

Performance is expressed in U.S. Dollars. The composite is compared against the Russell 3000 Growth Index. The Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 Growth or the Russell 2000 Growth indexes. These and other indices that might be shown do not reflect the deduction of advisory fees, commissions or other transaction charges. Prior to December 31, 2004, the composite was measured against the S&P 500 Index, since January 1, 2005 the index was changed retroactively to the Russell 3000 Growth index which has a higher correlation to our composite strategy.

Prior to June 2004 the Firm operated as an independent group within a registered investment advisor. The name changed from The Biondo Group to Biondo Investment Advisors, LLC.

Biondo Investment Advisors, LLC's compliance with the GIPS standards has been verified for the period January 1, 2006 through September 30, 2007 by Ashland Partners & Company LLP and for the period February 1, 1991 through December 31, 2005 by a previous verifier. In addition, a performance examination was conducted on the All Cap Growth Composite for the period January 1, 2006 through September 30, 2007 by Ashland Partners & Company LLP and for the period February 1, 1991 through December 31, 2005 by a previous verifier. Copies of the verification reports are available upon request.

The information set forth regarding securities and investment advice was obtained from sources which we believe reliable but we do not guarantee its accuracy or completeness. Neither the information nor any opinion expressed constitutes a solicitation by us of the purchase or sale of any securities. The performance quoted above represents past performance and current performance may be lower or higher than the performance data quoted. Past performance does not guarantee future results as investment returns may vary from time to time depending upon market conditions and the composition of the composite portfolio. Biondo Investment Advisors has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).



544 Route 6 & 209, Milford, PA 18337

570.296.5525

999 9th Street South, Suite 103, Naples, FL 34102

239.261.1282

877.BIONDOS (246.6367)

www.thebiondogroup.com

