

October 16, 2008

Dear Clients and Friends,

The burning question we all have right now, myself included, is “ Are we going to be okay?” The only way I can get perspective on that question is to reflect back on past periods of crisis and financial uncertainty.

I had not yet started my professional career during the 1973-74 recession, but I remember the economic turmoil, long gas lines, overwhelming feeling of pessimism, loss of confidence in our government due to Watergate, and the long bear market that left us wondering if there was any prosperity to come. Since then we've had many great times.

As a professional, I have gone through the recession of 1981-82, the crash of 1987, the recession of 1991, the Asian financial crisis of 1997, the bust of 2001 and all the periods in between. I see a long history back to Alexander Hamilton, the founder of our economic system, of successfully navigated crises with periods of great prosperity in between. This gives me every reason to believe we will be okay!

I have confidence in our collective wisdom to solve the current problems, but I have to tell you that I am angry we are going through this pain and set back. It may be part of our regular economic cycle, but that makes it no less gut wrenching and does not make me less angry.

This crisis proves yet again that the market is emotional rather than logical. At this low point of the overcorrection, though only hindsight will tell us if it's the bottom, we look up and feel that years of returns have been lost. There is a great urge to leave investing all together. It is critically important not to leave the market for any length of time or you risk locking in your losses and missing the opportunity to benefit from the inevitable recovery.

If you remember from our initial meeting, we discussed the attached chart that shows the importance of just a few critical days of positive market performance on long term portfolio returns. You do not want to miss the upcoming critical days of recovery. I don't know when they will occur, but I know they will occur. This is also the time to sow the seeds of future success through regular consistent saving.

In conclusion, successful investing and wealth generation is a long term endeavor. Even if you are retired, most of your portfolio is for future use in 10, 15, even 20 years. Not many people have achieved success without setbacks along the way. Our economy is the same.

And finally, I would like to thank you for your patience and kind words as we navigate this bear territory together. It will just be a memory in the not too distance future and together we can reflect on and implement the lessons learned.

I welcome your calls with questions or concerns,

Brooke



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