

July, 2004

Dear Clients,

We hope that the summer has been enjoyable for you and your family. Investment markets were less cooperative this quarter than they have been for the past year (April was the culprit). We are pleased with the year to date and longer-term performance. To increase diversification and balance, we have made some strategic changes to our portfolios. I will describe some of those changes below. The quarter was a busy one as we have continued with our process of constant improvement on your behalf.

We would like to share with you some upcoming events and recent developments.

- You, your family and friends are cordially invited to join us for our Open House on Friday, August 20th at our new office in Rolling Meadows from 2pm until 8pm. We will be introducing our new logo and web site at that time.
- Mamta Shah, our Vice President of Operations has successfully completed her NASD Series 66 exam. This combined with her Series 7 exam and having received her CPA Certification last year gives me the honor of naming her as an Investment Advisory Representative of RFG.
- Mike Falk, an economic consultant to RFG, and his wife Suzanne welcomed a new son to their family, Collin Maxwell Falk. He was born on June 1, 2004 and all are well.

We have refined our portfolio construction methodology resulting in changes to the portfolios. We spent April through June researching, planning and testing our changes. We are adapting to what we see as a market without compelling identifiable opportunities, a market seeking direction. The bottom line; we have adopted a strategy for the portfolios that will be "responsive" to rapidly changing markets without requiring rapid changes in holdings in the portfolios. It is also a strategy that will enable you to change the risk level of your portfolios, if needed, without making significant changes in your holdings. We would be happy to elaborate with details on "how the watch works" upon request!

Under our new portfolio construction methodology we have completed the design of the "No Transaction Fee (NTF)" version of each of our portfolios. These portfolios are generally used for accounts of \$250,000, or less, or those that receive regular deposits. This enables us to provide improved diversification without incurring transaction costs, saving you added dollars.

In your reports from us you will soon notice new performance benchmarks that are more representative of the composition of your portfolios. We will also compare to the S&P 500 as in the past (to give you a benchmark for the new benchmarks!). Change is never easy but as our regulatory environment changes, we must adapt with it.

RFG is sponsoring John for the 2004 Porsche Club of America Racing Season. The season has been very rewarding so far; for John, three firsts and a second, and for us the opportunity to have met some great people. Rosie, the kids and our dog have been attending the races in our motor home and hosting a barbeque each race weekend. Please give us a call if you would like to join us for a day or a weekend of watching "the boys" (as Avis calls them) race.

You will be receiving your Mid-Year Planning memorandum in July. We hope it is of value in maintaining or helping to create order in your financial house! Feel free to let us know of anyone else who may wish to receive it; we will be happy to send it to them.

Perhaps you have already begun receiving our single subject articles each month or so, on a variety of financial topics. Our hope is that every now and then there will be something that proves helpful. You don't need to keep, or even read those that are of no interest to you. If you haven't been receiving any and would like to, or if there is a subject area of more interest than another (e.g. business or estate planning related), please feel free to contact us. If you are receiving them and don't wish to, please inform us.

We look forward to seeing you at the Open House on August 20th, 2004. We hope you enjoy the rest of the summer.

Sincerely,

Ben

Benjamin G. Baldwin III, CFP®, ChFC
President