

January 2005

Dear Clients,

We hope that you had a safe and happy holiday. We received a lot of cards, letters and photographs and enjoyed all of them. Thank you for all your good wishes. 2004 was an unsettling year in the world. Let's hope that 2005 is marked by improvements on political, economic and human fronts. Markets were up nicely for the year (S&P 500 up 10.88% including dividends), but the roller coaster ride to get there made it emotionally challenging. We are pleased to report that all of our Risk Adjusted Portfolios, (RAPs) beat their respective benchmarks for the year.

Your statements reflect the performance of your own portfolio(s), net of fees and expenses. They compare your return to a benchmark which represents a percentage of the S&P 500 return. (The benchmark is determined based upon the approximate percentage of equities in the RAP to which your account is assigned. If your account is not assigned to one of our RAPs the comparison is to the full S&P 500 return.) We are enclosing our "Average, Actual Performance Report" of our RAPs for your review. We do not see the need at present, for significant changes to our Risk Adjusted Portfolios, as the managers we have hired for you seem to be adapting well to capricious markets.

We have recently introduced a new portfolio our Income Portfolio, for those of you that require a recurring and generally increasing income for distribution. Do not confuse it with our Income-Plus portfolio. It is managed entirely to distribute income without selling shares of assets held (thus providing for a substantially indefinite income time horizon), by distributing only interest and dividends. Capital gains will be reinvested and the assets held only infrequently rebalanced, in an attempt to increase the income generated over time. We expect the income from this portfolio to be more stable than that from our most conservative RAPs but the principal value will fluctuate more.

We met with many of you in 2004 to review your financial plans and investment goals. If we haven't met with you recently, we urge you to call for a meeting with us so we can discuss your situation and any changes that may have occurred. Meanwhile, it is never a bad idea to spend less than you earn, save and invest the difference, protect what you have and take care of yourselves! We look forward to continuing our *responsive* services to all of you. We value your business and appreciate the opportunity to serve you.

We wish you and your family a very healthy, happy and prosperous New Year.