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As of this morning, October was the worst monthly stock market decline since 1987. The equity portion of our portfolios suffered along with everyone else. We believe that communicating with you during difficult times is very important as our job is to keep you focused on your long-term goals instead of short-term market volatility. In this vein, we thought it would be helpful to answer a few questions that might be on your mind:

1. Q: Why should I bother investing in the stock market?

A: While owning stocks has not felt good lately, we believe stocks actually make a lot of sense for a long-term investor. During the post-war period (1946-2006) stocks have averaged annual returns of 6.9% above inflation while short-term government bonds have returned only 0.6% annually above inflation. (Source: Stocks For the Long-Run, Jeremy Siegel). Because bonds don't provide much of a return over inflation, we believe stocks are an important part of growing assets for retirement and earning adequate income during retirement. However, bonds have their place too. Most of you have a portion of your portfolios in bonds to reduce volatility in times like these. In addition, for those of you currently drawing money from your portfolios, we have generally set aside cash for living expenses as we believe money you need in the next several years should not be subject to market fluctuations.

2. Q: Maybe I should sell my stock mutual funds until the financial crisis passes and the economy improves?

A: We do not believe that trying to time the market is a sound investment strategy. Warren Buffett addressed this issue in his October 17th New York Times Op-Ed. "Today people who hold cash equivalents feel comfortable. They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value... Equities will almost certainly outperform cash over the next decade, probably by a substantial degree. Those investors who cling now to cash are betting they can efficiently time their move away from it later. In waiting for the comfort of good news, they are ignoring Wayne Gretzky's advice: "I skate to where the puck is going to be, not to where it has been."

3. Q: I know that the United States has endured wars, recessions, and financial panics in the past but I keep hearing on television and reading in the newspapers that this time is different?

A: In a recent CNBC interview, Warren Buffet said, "You know, 5 years from now, ten years from now, we'll look back on this period and we'll see that you could have made some extraordinary (stock market) buys. That does not mean it won't get more extraordinary a week or a month from now. I have no idea what the stock market is going to do next month or 6 months from now. I do know that the American economy, over a period of time, will do very well, and people who own a piece of it will do well. "

We don't like losing and know you feel the same way. We are invested in the same funds as you and believe that the long-term results will be satisfactory. The mutual funds in our portfolios have outstanding track records, sensible investment philosophies, and excellent stewardship. We believe that sound investment principles will continue to produce sound results. We are here to help you with the patience and discipline that is required for successful long-term investing. Please call with any questions or concerns so that we can guide you during this challenging period.

Sincerely,

Jack Newman & Bryan Schimel

Please remember to contact Newman & Schimel, LLC if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Please also advise us if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request.