

April 7, 2003

Dear clients,

Greetings again! I have many topics to discuss this quarter so I'll get right to it.

First, as of this writing, Altria Group (Philip Morris Cos. as we all know it) is facing one of its most difficult legal challenges ever. A very unfavorable ruling in a class action lawsuit in Illinois has executives, lawyers, lawmakers, and state governments all over the country scrambling to take actions to protect their various interests. The stakes are enormous and the outcome is uncertain. What is not uncertain however is the benefit found in broadly diversifying investment portfolios. Time and again, for a plethora of reasons, we have seen large and universally well known corporate giants rapidly fall from grace and leave their stockholders wondering what train just hit them. I certainly hope this turns out not to be the case for Altria Group and its shareholders; and I know it's an extremely difficult lesson to learn, but the bottom line is that for all serious, long-term, retirement oriented investors, **diversification isn't optional it's imperative!**

On a related topic (diversification is one of my favorites as you know ☺), I have had many conversations over the past several months with clients whose patience is wearing thin when it comes to the stock market. I'll be the first to admit these conversations are not easy but they are very important. You may recall in last quarter's letter I wrote, "*Diversification alone isn't a wonder cure but when combined with a long-term time horizon, the two make a very formidable team.*" I know it's hard to see right now, but stock market returns are not something to be depressed over in down times, nor euphoric over in good, but rather should be seen as just another tool needed to provide you a solid and comfortable financial future. Believe it or not, periodic down stock periods are welcomed by smart long-term investors because the presence of this risk further ensures higher long-term returns than can be achieved by "safely" parking money in CD's, Treasuries, etc.

To all of you for whom I have prepared a Retirement Nest Egg Analysis on the top portion of your quarterly statement, please review the "Assumptions" area and make sure that each still applies to your situation. Depending on what the assumption is, some may need updating and it's a great idea to periodically review for accuracy and reasonableness. If I have not prepared an analysis for you, and especially if you're over 50, I think it would be a good idea so please call me and we can get started.

Lastly, you all will be receiving an additional mailing from me shortly. The gist is that The Vanguard Group has decided to discontinue its Advisor Services Department as of this coming July. We will continue to rely heavily on Vanguard funds for many of our core holdings, but this means that Vanguard won't be the financial "custodian" any longer. Over the next two months, Fidelity Investments will be taking over as our new custodian and I have every confidence they will continue to provide us the excellent service to which we have become accustomed. This separate mailing from me will address the entire topic in detail, and should answer most, if not all, of the questions you have. This is just a "heads up" as to what is coming.

Regards and be well,

*AF*