

July 10, 2000

Dear clients,

Greetings once again! So far the first half of “Y2K”, investment wise, has been pretty quiet. Some funds and accounts up a little and some down a little but no significant movements either way. I thought this quarter it might be a good idea to spend a little time again discussing the risk/reward tradeoff.

One thing that will never change – nor do we want it to – is that we can't receive consistently higher returns than at banks' or credit unions' without accepting some greater level of risk. Why? Because markets are efficient. We all know we can't get anything for nothing. Financial markets are no exception.

Why do I say, we want this so? Because as long-term investors we are rewarded for the volatility that we willfully accept. Although we haven't experienced it hardly at all over the last several years, there will be prolonged periods when our balances go south. This will be the price tag to pay for bank busting long-term

returns. But these dips assure our long-term reward.

Why should you not worry when you see negative returns? Two reasons that you control and that will never go out of style:

- You're long-term investors and
- You're diversified

These reasons may be boring but their effectiveness is awesome. More later. Until then, be well and enjoy the summer!!!