

January 5, 1999

Dear clients,

Greetings! Married life is wonderful! And now after visiting Asia for our honeymoon, Giovanna and I can tell you firsthand that their economies will come back. We did our best to personally jumpstart them by sightseeing, shopping, eating at restaurants, hotels, ...☺ Here are your 4'th quarter reports for 1998. This past year was fascinating in that returns ran the gamut from significant downturn (3Q), to major recovery (4Q), and even almost flat (2Q).

As I have said many times, "Short-term market returns are meaningless and beyond our control". As sure as the sun rises in the east and sets in the west, stock portfolios will at times fall and sometimes hard, often for much longer than just a few weeks. It so happens that in 1998 we experienced a complete market cycle from peak to trough and back to peak in just months. Such a compressed cycle is rare. Your patience will not always be so quickly rewarded but nonetheless it will payoff. I fully expect that over the course of your investment time horizons we will experience several prolonged periods of falling stock markets that will last for much longer than just several unnerving weeks. When this happens, don't worry, but rather accept the fact that this is the price that smart investors pay for success.

As you have done so well thus far, continue to avoid the emotional roller coaster of euphoria to despair and back to euphoria based on the financial news and predictions du jour and you will see great results - not only financially but also in terms of sanity and peace of mind. Stock picking and market timing won't determine your investment success,

your behavior and ability to keep in check the very real human emotions of fear and greed, will. I'll also be there to help.

In line with our commitment to maintaining a broadly diversified portfolio that includes all types of stocks, bonds, and money market investments and in line with our desire to buy low and sell high, we will in 1999 continue to hold significant positions in both small U.S. company and foreign stocks. Be patient. Although these investment returns have paled in comparison to the more popular Dow Jones Industrial Average and the S & P 500 of late, this will not always be the case. Like before, your patience will not always be as quickly rewarded as you might like but it will be rewarded. Please have a safe and happy new year!!