



September 18, 2008

Client Name
12345 Circle Dr
Houston, TX 77654

Dear Client:

We are happy to report that our power has been restored, and our office is open and operating as usual. While we in the Houston area were being pummeled by Hurricane Ike, the financial market has been pummeled by its own storm, and we wanted to provide some insights into the current situation on Wall Street.


As you know, Lehman Brothers, Inc., one of the world's largest Wall Street firms, has filed Chapter 11 bankruptcy due to its soured investments in sub-prime loans. The federal government decided to allow the failure to the surprise of many investors given its recent proclivity to "bail out" financial giants such as Fannie Mae and Freddie Mac. We view this line in the sand as an encouraging sign that the government will use more discretion with such bailouts and end the trend that "profits are private" and losses are borne by taxpayers. *With regard to your portfolio, only one fund, Marsico Growth, has a position in Lehman Brothers, and it amounts to a mere 0.35% (or 1/3 of 1%) of the fund's total holdings.* This highlights the distinct diversification advantage that mutual funds provide.

A second and equally staggering announcement was that AIG, the world's largest insurance company, is in dire need of liquidity to survive. The federal government has decided that, in the interest of millions of AIG policyholders, employees, creditors, and shareholders worldwide, it would provide an \$85 billion loan to the company to address near-term liquidity needs. The 2-year bridge loan provides AIG the opportunity to raise cash via the orderly unwinding of company assets. However, the loan carries a remarkable **11.3% interest rate** (according to Barron's), which encourages AIG to work expeditiously to pay back the loan. More importantly, this punitive rate will discourage other poorly managed companies from coming to the government to save them. *Again, only one fund in your portfolio, T. Rowe Price Institutional Large Cap Value, has a position in AIG, and it amounts to a mere 1% of the fund's total holdings.*

Finally, we want to reassure you that your investment accounts are safe at Schwab. The mutual funds owned in your accounts are actually held by an independent depository (Depository Trust Company), not Schwab directly. So in the event that Schwab should fail, these assets are not subject to the claims of Schwab's creditors. Moreover, your account is protected by SIPC[®] (Security Investor Protection Corporation) which covers \$500,000 for securities with a limit of \$100,000 for uninvested cash per account. Additionally, Schwab owns a \$600 million insurance policy through Lloyds of London. This policy would kick in should SIPC protection not be enough to cover clients' losses. Many broker-dealers do not have such excess coverage, and Schwab's ownership of such a policy is another demonstration of their commitment to asset protection. In short, your investments are safe and secure at Schwab. We have the choice to use any custodian in the world for our clients, and we have chosen, through vigorous due diligence, to use Schwab.

There is no question that we are experiencing difficult times. Year-to-date through yesterday's close, the S&P 500 was down 20.03% according to Morningstar[®]. However, our strategy is performing beautifully under the gun. During this difficult period, your portfolio has participated in significantly less of the downturn. Losses are temporary, even though it doesn't feel that way while the storm is raging. We have been through worse downturns before. Together, we'll get through this one as well!

Sincerely,



Michael Booker, CFP[®], ChFC, CFS



Mike Minter, CFS



Bryan Zschiesche, CFP[®], MS, MBA



Heath Hightower, CFP[®]