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**Newsletter**  
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With a sigh of relief, or maybe a groan, 2008 has entered the record books. It has been a challenging year in many ways. In spite of adversity, we look back and realize how blessed we are to have what we have. We are healthy, we remain optimistic for the future, and we are wiser.

Now that the numbers are in, 2008 officially had the worst stock market return in the U.S. since the depression. Even the Yale endowment is reported to have dropped 25% since June 30. The financial press and various pundits have given the U.S a whole new vocabulary. Phrases like “collateralized debt obligations” and “counterparty risk” shifted from relative obscurity in the finance world into everyday conversation. The months of October and November were the most challenging, with most of the various markets seeing the worst drop. No area except cash and U.S. treasuries escaped the selloff. While this year has been difficult, many clients tell us it is times like these that our services are most important. We hope you agree.

While many financial advisors and investors are taking a passive wait-and-it-will-improve approach, we think that the world is changing. During the past year, the goal of most investors was to survive. We hope the economy and financial markets are stabilizing, so we must also seek ways to profit from our investments. Of course, the risk and uncertainty remain high.

We believe the changes in the credit markets and economy mark a sea change. While this does not mean we should disregard investing lessons from the past, going forward we will make some changes to our investment approach to help profit in this new world. *The enclosed paper summarizes our thoughts.* We welcome any comments or questions that you may have.

On a personal note, thank you for the many warm cards and letters we received over the holidays.

We wish all of our friends, clients and associates a happy and healthy 2009.