



Krosnowski & Scott LLC

Investment & Retirement Planning Specialists

Dear Clients and Friends,

We thought the following message would interest you:

The Potential Road Map to Recovery-What should I do now?

Now that the financial markets have begun to stabilize, many people are scratching their heads and wondering “what should I do now?” Our first response to this question is that it is back to basics. In our last message to you in mid-May we discussed the benefits of being globally diversified so that you can participate in what we believe is the greater future growth potential of the developing markets.

The following is our potential road map to recovery over the next few years:

1. Re-assess your investor profile- This entails verifying your risk tolerance (on a scale of one (conservative) to ten (aggressive)), time horizon (the number of years you plan to work until retirement or that you plan to live during retirement) and investment objective (fixed income, balance/income, balance, balance/growth, growth). If your current situation, family dynamics, or future horizon have changed since you last determined your investment goals and objectives then it may be time to re-assess your situation and make adjustments to your portfolio to ensure that your assets are properly allocated.

2. Re-positioning assets- If over the past twelve months you shifted assets out of the stock market as a flight to safety, then you should be seriously thinking about re-storing your stock allocations-now!!! The stock market has begun to recover over the past few months. Presently we believe that there is close to \$8 trillion in cash or cash equivalent investments on the sidelines. If optimism slowly returns to the financial markets over the next few years, you do not want to move your assets back into stocks after this huge amount of cash has already moved back into the market and pushed it back up to higher levels. Based on historical statistical data from Global Financial Data, Inc., we believe that there is a possibility that the Dow Jones Industrial Average (DJIA) may trade between 9000 and 10,000 by March 2010 and return to the 12,000 level over the next three to five years.

3. Cash to available to invest?- Here's a list of suggestions of where to consider investing cash now to meet a variety of investment objectives:

A. Liquidity- Short term bond investments can provide you with a cash alternative that

provides very low volatility and close 1.5% more interest than money markets.

B. Safety & Income-Corporate bonds are debt instruments issued by publicly traded companies. U.S. Treasury and Municipal bonds are issued by federal, state and local government entities. The issuer of bonds is obligated to pay to investors periodic interest and return of principal upon maturity. These organizations offer bonds to investors to finance their business operations. The temporary freezing of liquidity in the banking sector has created a unique opportunity for bond investors. Normally the difference in yield between investment grade corporate and government bonds is around one to two percent. Currently, the yield spread between these two types of bonds is four to five percent. There are corporate bonds available to investors issued by household name companies that are yielding five to eight percent with three to seven year maturities. Investing in individual bonds can very cost effective. There are no annual fees to hold these securities in your account and typically the only cost involved is the bond price mark-up of approximately one percent at the time of purchase.

C. Equity Income- These defensive, globally diversified, all weather portfolios are balanced between stocks and bonds. The investments are managed to capture a portion of the upward movement of the stock market when it is rising and less of the downward movement when it is declining. Currently, these portfolios offer dividend yields in the five to six percent range and in our opinion based on historical performance have growth potential of three to five percent annually depending on market conditions.

D. Growth & Income- Investing in large capitalization, blue chip stocks throughout the world, these portfolios currently pay dividends in the 3.5% range and have growth potential that we believe is in the five to fifteen percent range annually based on historical returns and depending on market conditions. Past performance is no guarantee of future performance.

4. Employment Opportunities- Our research sources indicate that the government, healthcare and education sectors may be a good place to look if you are seeking employment.

Billionaire investor Warren Buffett has commented that during times of optimism when the stock market is reaching new highs that it is a good time to be cautious. And during times of pessimism when the stock market declines to low levels, it is the time to be opportunistic by investing when stock prices are cheap.

Please do not hesitate to contact us if you would be interested in discussing any of the strategies mentioned in this message.

We look forward to talking to you soon.

Sincerely,

Andrew J. Krosnowski & Melissa Scott Paine