



Krosnowski & Scott LLC
Investment & Retirement Planning Specialists



Financial Fitness – Winter 2006

Fixed Income Rates(1):

Money Market – 1.22%
Two Year CD – 3.6%
Ten Year Treasury Note – 4.56%

Stock Market Indices(2):

Dow Jones Industrial Average – 10,932
S&P 500 Index – 1,279
Nasdaq – 2303

(1) Rates from: www.banxquote.com (as of 2/1/06); (2) Rates from: Yahoo Finance (as of 2/1/06)

Time keeps ticking and ticking away. Rush, rush, rush. I have got to get my priorities in order - work, hobbies, family, exercise, diet. There never seems to be enough hours in the day. One of our greatest challenges is to find a healthy balance in our daily lives spiritually, mentally and physically. In our investment practice, we try our best to provide our clients with a broad range of financial planning advice that spans from investments to tax and estate planning. We feel that the better we do our job in striving to help you meet your financial goals, the greater your peace of mind.

Navigating the ever changing financial markets requires patience and a steady hand. Historically, the majority of investors' returns occur during twenty days or three and a half weeks each year. It is impossible to predict when those days will be. In our opinion, the key to success in the stock market is to be invested over the long term and to ignore short-term fluctuations.

We attempt to take a common sense approach when advising our clients. If you go to a physician, he or she may tell you three things. If you exercise, eat a healthy diet, and sleep well your chances of being healthy will rise exponentially. In a similar fashion, we advise investors to be disciplined, diversified, tax efficient and cost conscious. We also encourage investors to save some money when they can and to not spend foolishly. We feel that if you do these things you may be more likely to be successful financially.

I. Investment Strategy Overview

Modern Portfolio Theory (MPT)- MPT is an investment philosophy that seeks to maximize investor's efficiency by combining asset classes such as bonds and various types of stocks including value and growth, domestic and international, and large and small cap whose price movements are not directly correlated (i.e. they move in different directions part of the time). By diversifying your assets across these investment categories within your risk tolerance and investment objectives, MPT seeks to provide investors with more consistent returns and less risk or price volatility than more concentrated less diversified portfolios. We try to incorporate MPT into all of our clients investment accounts.

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There is no certainty that any investment strategy, including Modern Portfolio Theory, will be profitable or successful in achieving investment objectives.