July 14, 2008

Client Name and Address

Dear Client:

Reporting on your investments is important and valuable to you. The following reports, which we produce, along with the monthly statements you receive directly from Schwab, provide you with a great deal of information on your holdings, investment strategy and performance. We will provide the following reports to you each quarter:

- Schwab Investment Portfolio
- Portfolio Performance Review
- Position Performance Summary

REPORTS

The **Schwab Investment Portfolio** reports the value of your investments at Charles Schwab as of June 30, 2008.

The **Portfolio Performance Review** illustrates the performance of your portfolios for the quarter ended March 31, 2008 and year-to-date through June 30, 2008. The performance of your portfolios is reported net of fees. Also illustrated is the performance of 5 indexes and a portfolio benchmark for the same comparable periods.

The **Position Performance Summary** illustrates the performance of your individual holdings from January 1, 2008 through June 30, 2008, assuming your investments have been held at Schwab during that period.

COMMON SENSE INVESTING AND INVESTMENT EDUCATION

High oil prices, record mortgage foreclosures, predatory lending practices, rising unemployment, fragile financial markets and a weakened U.S. dollar have all negatively impacted your investments. *So what should you do?* We believe that you should focus on the things you can control, namely, how your investments are allocated among stocks and interest-generating investments, your costs and income taxes.

As the enclosed chart "Stock Market Contractions and Expansions" illustrates, there have been eight market downturns (defined by a time period when the value of large U.S. stocks declined by 10% or more) in the past 35 and one-half years. While some periods of declines have been severe, overall the market has grown with time. (See the enclosed chart "Can You Stay on Track"). As you know, we developed, with your input, a written investment plan for you which identified your overall allocation to stocks, bonds and cash and the degree to which your investments fluctuated up or down over varying time periods. *Your unique plan* is meant to address both your short and long term needs for cash. It may be appropriate to change your plan if your needs for cash from your investments change. *However, other than periodically rebalancing your investments or addressing changing cash needs, we encourage you to stick to your plan and not react to market forces which you can't control.*

While losing money is unsettling, it does provide an opportunity to recognize valuable tax losses or to buy a mutual fund with built-in tax losses. We will discuss these opportunities with you when we meet to review your investments.

We take our role as investment educators and coaches very seriously. Accordingly, we plan to provide you with increased commentary on a variety of investment related topics that are related to how we invest your money and what we discuss with you. Our current plans anticipate that we will send articles of interest to you throughout the year. We would welcome your feedback on matters of particular interest to you.

WEBSITE

If you have not done so already, please view our website at www.filomenowealth.com. As a client you can log into your Schwab accounts directly through our website. That way, you can stay abreast of new information that we post to the site.

THANK YOU

Although we are proud of our accomplishments, we recognize that our success is directly attributable to how well we serve you and your continued business and referrals. Our goal is to empower you to successfully chart and navigate your financial journey.

Enclosed are our firm's Privacy Notice and a one page summary about our firm and the services that we provide. Please contact me or anyone on the Filomeno Wealth Management team should you have any questions or suggestions.

Sincerely,

Author

KJL

Enclosures