THE GOLUB GROUP
Investment Counsel

2929 Campus Drive
Suite 145
San Mateo, CA 94403
Phone: (650) 212-2240
Fax: (650) 212-2249
www.golubgroup.com

Quarterly Commentary
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We would like to begin by thanking you for becoming a part of our new firm and making our transition an overwhelming success. We are truly fortunate to have you as clients, friends and partners and look forward to our futures together. Many of you have visited us in our new offices and we encourage all of you to stop by in the future. Special thanks to all of you who attended our Open House in March. We enjoyed seeing all of you.

The stock market built upon its strong gains of last year during the first few weeks of the quarter only to give much of these gains back in February and March. The S&P 500 has returned +1.29%, the DJIA a negative 0.92% and the NASDAQ has fallen 0.46% for the year. Much of the volatility can be attributed to the situation in the Middle East and, while we do not ignore the current geopolitical risks, we are encouraged that the U.S. economy continues to strengthen despite them.

As patient long-term investors, we generally do not have a lot of turnover in our portfolios. We invest in businesses that we determine to be undervalued and sell investments that become fully valued or overvalued based on our analysis. In general, REITs have outperformed the market over the past four years and have reached the higher range of their historical valuations. During the first quarter, we determined that several of our REIT holdings were due for some harvesting of gains and we have been redeploying that capital into businesses that we perceive to be undervalued. However, as an asset class, we believe that REITs remain an attractive long-term investment, as they offer attractive dividend yields, low correlations to other asset classes and consistent and predictable earnings.

One area that we have identified to be an attractive sector for investment is energy. In particular, we have been focusing our research on the oil and gas sector. We have all felt the impact of rising oil prices at the gas pump lately and while we cringe at paying over $2.00 a gallon at the pump, the rest of the world often pays double that. We do not feel that rising prices will abate any time soon due to the supply and demand imbalance that appears to be in its early stages. Estimating global oil reserves is an inexact science at best, but, recent reductions in oil reserve estimates strengthens the argument that global oil supplies will be a growing concern in the years to come. Increasing global consumption, driven by the demands of emerging economies such as China and India should continue to place upward pressure on prices. The recent weakness in the dollar, coupled with the fact that oil is priced in dollars in world markets has also contributed to the recent price rise. Increases in the price of natural resources are often a leading indicator of future inflation and is something we are keeping our eye on. Investments in oil and other natural resources are one way to hedge against this risk. Over time, you can expect us to be increasing our investment in energy companies, as we believe they offer a combination of long-term growth potential, high dividend payouts and attractive valuation based on current and projected earnings.

In terms of the overall investment climate, we are cautiously optimistic in our current outlook. Economic growth is strong, evidence of job creation has surfaced, inflation remains in check, interest rates are low, and corporate earnings continue to strengthen. In relation to these factors, our analysis indicates that the valuation of the market is reasonable. Common stocks remain the most attractive asset class and we continue to remain positive about the prospects for our current portfolio holdings.

As we mentioned in our last commentary, we would like to have a completed Investment Questionnaire and Risk Tolerance survey from all of our clients. We will use this information to create an Investment Policy Statement for you that will serve as a guideline for managing your portfolio. For those of you who have not completed these, please contact Joe Martin so he can assist you with this. In addition, each year at this time, the SEC requires that we offer to send you a copy of our Form ADV-Part II which contains information about our firm. If you would like a copy, please let us know.

Please keep in mind that we always appreciate your referrals and look forward to meeting with anyone that you feel would benefit from a relationship with us.

We hope you all have a wonderful spring and we look forward to hearing from you in the future.

With Best Wishes,

The Golub Group