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Quarterly Commentary
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The third quarter continued to be positive for the market as both the S&P 500 and Dow Jones added to their impressive year to date gains. Our discipline of purchasing quality, dividend-paying businesses at attractive valuations has resulted in year-to-date investment gains generally equaling or exceeding the rate of return of the S&P 500.

Despite the strength of the market this year, we continue to believe that your portfolios are well positioned for further long-term gains. We believe that investors have begun to focus on dividend paying businesses and that this will have a long-term positive effect on the market. Historically nearly 50% of the markets returns have been attributed to dividends. This reality is coming back into focus for investor's that pursued speculative returns as opposed to solid investments.

We continue to pay strict attention to valuation and will take the appropriate action if valuations become excessive. Regarding your portfolio holdings, our discipline seeks to buy businesses at a 20-30% discount to our estimate of intrinsic value. We track our holdings on a daily basis comparing their "market value" to their "intrinsic value". On average, your portfolio holdings are trading at a 17% discount.

Regarding the market, we have conducted a study dating back to the turn of the century tracking the most significant bear markets and the subsequent performance three years from the bottom. The good news is that there have only been seven bear markets (greater than negative 20 percent returns) in the past century. The better news is that on average, three years after the market bottomed the averages were up 78 percent. It is our belief that the market bottomed on October 9th of 2002. The next logical question is how far are we up from that bottom? The answer is 33%, less than half of the average historical return after past significant bear market bottoms.

Our primary objective is to take care of our clients. We attempt to do this by providing responsive and personalized service, disciplined investment management, and access to our professionals all at reasonable cost. With this as our motivation, we have created our own firm, Golub Group, Inc.

We look forward to continuing to take good care of you with our new organization and are excited about our futures together. As always, if you have any questions or would like to arrange a meeting to review or update us, please let us know. We will be delighted to get together with you.

With best regards,

The Golub Group

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