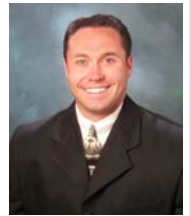


RAYMOND'S DAILY "PLAN-IT"

SOLUTIONS ~ FOUNDATION ~ INDEPENDENCE

MARCH 2008

RAYMOND CAROTA
FINANCIAL ADVISOR
PRESIDENT



Should Your Portfolio Have a Conscience?

Socially responsible investing has been around at least since the 1960s, but it seems to be getting more attention lately. Perhaps it's because there are more social issues affecting us, or because people are becoming more aware of such issues.

For example, in 2005 there were nearly four times as many socially screened mutual funds in the investment marketplace as there were a decade earlier.¹ Today, almost one out of every ten dollars under professional management has been allocated according to socially responsible criteria.²

If you believe it is important that your investments be directed toward favored causes, or away from organizations and/or practices you disapprove of, that's great. However, it is also important that you not allow this desire to outweigh the other factors that must be considered when making investment decisions.

When choosing investments based on your beliefs about certain social issues, it's important not to let your feelings play an overriding role in decision making. Research suggests that emotion tends to have a detrimental effect on investment decisions.³

For example, let's assume that you are concerned about pollution and decide to consider mutual funds that invest in companies that develop cleaner products and services. This decision may make you feel good, but there are other factors to consider when deciding which fund to buy.

Does the fund invest in stocks or bonds? A mutual fund that does not fit into your asset allocation strategy could interrupt your progress toward financial goals.

Are the fund's investment objectives too risky (or too conservative) for someone with your time horizon and risk tolerance? Your comfort level with risk and the number of years until you need the money you are investing should tell you more about whether the fund is appropriate than the companies the fund owns. The value of mutual funds will fluctuate with market conditions. Shares, when sold may be worth more or less than their original cost.

This doesn't mean you should ignore your beliefs when selecting investments. However, investments that satisfy your conscience should also fit with your long-term goals and needs.

Mutual funds are sold only by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1-2) Social Investment Forum, 2007

3) Stanford Graduate School of Business, 2005

The World Is Your Oyster

Investors from around the world look to the United States as the center of the financial world. Our stable legal and monetary systems and our free markets attract billions of dollars in foreign capital every year. However, it would be a mistake to let your search for investment opportunities end at our shores.

In 14 of the last 30 years (ending in 2006), foreign stocks were the top-performing asset class, compared with domestic stocks, bonds, and cash equivalents (see chart below). If you had invested only in domestic equities during this period, you would have missed out on owning an asset class that outperformed the other three in almost one out of every two years since 1977. Past performance does not guarantee future results.

If you want to expand your portfolio's geographic boundaries, international mutual funds may be a good option. By investing in companies outside the United States, international funds invest not only across industry sectors and securities, but across national boundaries as well. International mutual funds also offer many of the same benefits as domestic mutual funds, including professional management and convenience.

Multinational Diversity

International mutual funds can help you diversify your portfolio by spreading investments across different markets outside the United States. Because markets

move in their own cycles, losses in one market may be offset by gains in another. Of course, diversification does not guarantee against loss; it is a method used to help manage investment risk.

Buck the System

Your return can also be affected by currency fluctuations. Investments denominated in a foreign currency are influenced by the exchange rate with the U.S. dollar.

Mutual fund shares fluctuate with market conditions and, when redeemed, may be worth more or less than their original cost. Before investing overseas, consider your risk profile carefully. The risks associated with investing on a worldwide basis include differences in financial reporting, currency exchange risk, as well as economic and political risks unique to the specific country.

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International investing can offer investors a chance to participate in foreign markets. Call today to discuss whether to take your portfolio global.

Source: Thompson Financial, 2007

Six Times More Likely

The specter of serious health problems causes as much or more anxiety among investors as the possibility of losing money on their investments, not saving enough to retire, and even losing a spouse through death or divorce, according to a 2007 survey.¹

This fear of serious health problems is not without basis. Americans between the ages of 35 and 64 are six times more likely to become disabled than to die. Despite this fact, Americans are more than twice as likely to own life insurance as they are to have disability income insurance.²

Vicious Cycle

An individual disability income insurance policy pays a benefit if you suffer an illness or injury that prevents you from working. You can use the benefit to help pay your normal living expenses and any medical bills associated with your disability. Benefits can last

for a set number of years or until you reach retirement age. If you own the policy and pay the premiums yourself, the benefits are usually not taxable.

To understand the value of this type of insurance, consider what life would be like if you were to become disabled without disability coverage:

You could find yourself in a vicious cycle in which your income declines precisely when medical bills begin to accumulate. In order to make ends meet, you could be forced to dip into your retirement savings or go into debt, or both. Each outcome could have serious long-term consequences.

If you have to borrow money to make ends meet, it could take years to repay the debt. You may need to reduce the amount of your retirement contributions in order to help make the payments.

If you dip into your retirement savings, it could delay your progress toward retirement goals. You could be forced to work past your planned retirement age, accept a lower standard of living in retirement, or both.

It may be uncomfortable to consider the possibility that you could become disabled. However, preparing for the possibility now could help you avoid some more serious discomfort later.

- 1) Financial Industry Regulatory Authority (FINRA), 2007
- 2) *The Wall Street Journal*, June 24, 2007

From the Desk of Raymond....

This is an interesting fact that I found in my daily readings....

SLOWING GROWTH AND RISING INFLATION -

The Fed lowered their 2008 growth estimate for the economy to "as low as up +1.3%" and raised their 2008 inflation estimate to "as high as up +2.4%" with an announcement a few weeks back. Since 1975, the US has experienced 4 separate calendar years when the economy has grown by less than +1.3% and when inflation has advanced by more than +2.4%.

**In those 4 years, the S&P 500 gained +30%, +22%, +33% and +37% on a total return basis (source: Federal Reserve, BTN Research).

Volatility is still the dark cloud over the markets and we anticipate that it will continue through the early summer months as more bad news from the Financial Markets is uncovered.

As always, if you have any questions or would like to set up an appointment please feel free to contact the office.

~Raymond

WHAT'S NEW AT BRANDYWINE?

As the spring approaches, all of us are anxiously awaiting warmer weather, longer days, and new beginnings. This spring in particular, is bringing with it some great changes for our team here at Brandywine. We have recently made some changes to our office in Conshohocken in order to create space for a brand new conference room and we are very excited to begin using the new space. As for each of us personally, here's a little bit of what's new in our worlds:

What's new with Raymond?

As some of you have already heard I recently got engaged, to Sarah Caputo (Dec. 16 was the official date). Sarah and I have been dating off and on for 8 years now (yes, I know, it is about time). She works in the marketing department at Comcast, is 32 years *young*, and is from Ambler, PA. We have not set an official date yet, but are looking at October 2008 as of right now. We decided to NOT have a traditional, expensive, big wedding with chicken dances and a buffet (come on, I am Italian). Instead, we are first going to get married in the Church and then head out to Las Vegas with our immediate families to do it *Vegas Style*, at the Bellagio! We are looking forward to it and they do all the planning! It is a wonderful experience NOT to have to experience the painful planning.

As many of you know I have a 200lb. dog, an English Mastiff named Samson, and he is coming up on his 9th birthday this month. He thinks he is a little lap dog, so we (Sarah and I) went out and purchased a new bed for him which he LOVES dearly! He used to sleep in our bedroom, but we keep the new bed in our kitchen. He loves the bed so much he doesn't even sleep in our bedroom anymore he sleeps in the kitchen now on his wonderful bed. I must admit, I do not miss his loud snoring at night, the bedroom is much quieter now.

What's new with Justin?

I recently moved into a new condo with a great deal more space than my former apartment. The space is great; however the commute is not. I used to spend 15 minutes in the car, now it is 45 minutes on a good day. All-in-all I am pleased with my new place.

I am deeply saddened to announce that I "lost" a member of my family a few weeks ago...I sold my 1984 Mercedes-Benz. It was time to upgrade to a more reliable mode of transportation so I purchased a Mercury Milan. In case you were not aware of my personality, I grew up restoring classic cars with my grandfather and have since successfully restored a 1965 Dodge Dart Convertible, 1952 Jeep CJ3A, 1946 Dodge Pickup, and 1970 Chevrolet Chevelle.

I too am getting married shortly to my fiancée Francesca in October of this year. She and her mother have been doing most of the planning...I have been told that my job is to just show up. So far we have 400+ guests, a 12-piece band, and a 5-foot cake waiting to be enjoyed! I will keep everyone posted as I am updated as to what my wedding will entail...

What's new with Kristen?

My employment here with the Brandywine team is pretty new, so I thought I might take a minute to introduce myself. I am slowly taking over some of Justin's responsibilities so that he has more time to spend helping Ray servicing your needs.

My boyfriend and I are recent transplants to this area and are settling into our second year as PA residents. The South Jersey Shore is where I call home, and always will no matter where it is I am. I graduated from Rutgers University in the winter of 2005 with a dual degree in Communication and Religion. I am a recent escapee from a seven year stretch in the hotel industry which makes it difficult for me to grasp the concept of "free time". If I do have free time, I like to spend it traveling, drinking wine, and eating Mexican food. Right now I am counting the days until the upcoming Jackson Browne concert at the Borgata in Atlantic City!

We hope the coming month brings all of you great things and that it also brings you closer to obtaining your financial goals. Thank you for continuing to allow us to have a hand in achieving those goals for you. Also, thank you for your recent referrals, they are greatly appreciated. When you suggest our services to your family, friends, and colleagues, it is the greatest compliment we could receive. Please feel free to pass on the names of anyone you know who feels they would benefit from Wealth Management, as it would be our pleasure to talk to them. Have a wonderful month!