



Wealth Management, LLC
2nd Quarter 2008

PERFORMANCE AND MARKET OUTLOOK

The second quarter of this year looked promising, coming after one of the worst quarters in recent memory. The Dow Jones Industrial Average rose to a level of 13,058 on May 2 from the low of 11,740 reached on March 10. Although the economic environment remained challenging and energy prices remained elevated, there appeared to be some light at the end of the tunnel as investors began to anticipate better times ahead. As we now know, this was not to be, as the Dow has steadily declined on an almost daily basis to new lows for the year. It is interesting that on May 2, the Board of Governors of the Federal Reserve System announced that they were increasing the auction amounts available to eligible depository institutions; this move was intended to inject much needed short-term liquidity into the financial system. Although this appeared to be positive news at the time, it now seems that the Federal Reserve had been anticipating the grave challenges that are now facing our financial system. The market declined for the remainder of the second quarter and most equity market indexes continue to decline into the third quarter.

The financial environment has become dominated by two sectors, financial services and energy, both of which appear to be hitting extreme points on opposite ends of the spectrum. Our financial system is in the midst of an old fashioned liquidity crunch stemming from the sub-prime lending market and the esoteric products packaged and sold in recent years. Although this feels unique and is certainly very painful, we have seen this act before. Our banking system is now in the process of deleveraging: quantifying the damage, determining which institutions have the greatest exposure, and ultimately writing off all the bad loans while permanently closing some doors. This process is gut-wrenching and appears to be coming to a head at this point. There are many casualties in this process; we saw the demise of Bear Stearns. Most recently we have witnessed the fall of IndyMac Bank, a nationwide loan originator, which offered residential mortgages and speculative financing. We also saw an almost unimaginable government bailout of Freddie Mac and Fannie Mae, organizations originally established to promote home ownership across our country; and every financial institution is under scrutiny. This is a painful process and the nature of cycles from boom to bust. Eventually, all the write-offs will be taken and the institutions in gravest danger will fail. Liquidity will improve and sentiment will move from doom and gloom to a focus on the opportunities ahead. First we must find a bottom, and attention across Wall Street and government is working toward this end. This situation brings back memories of investors purchasing Bank of Boston stock in the early 1990's for \$3 per share after the savings and loan crisis. These buying opportunities will be present and we will be patient, continuing to focus on risk control and downside protection, while watching these events and general market sentiment very closely.

The other major market factor is the euphoria around oil prices. As financials suffer and the dollar weakens, oil and all commodities continue to reach new highs. This has been going on for a number of years now but the recent run up to new highs in the face of a global economic slowdown appears speculative. At the same time, consumers and investors are turning to conservation and alternative energy sources. This is the positive side of high energy prices: innovation and solutions. Legendary oil investor, Boon Pickens, recently articulated a plan to reduce our nation's dependence on oil in general and specifically foreign oil. He advocates development of wind farms across the Midwest as well as pursuing natural gas which is plentiful in the U.S. He has personally funded an advertising campaign to this end. Although he certainly has his own investment interests at heart, this is still an important inflection point. Consumers and investors have had enough. A global economic slowdown combined with this type of rhetoric and innovation is what is needed to slow the demand for oil which will ultimately moderate prices. Like financials, this cycle has been played out before and while financials seek their bottom, many market strategists are increasingly talking about a peak in energy prices. This could be one positive outcome to the financial crisis.

At times like these, we are all challenged to look past the current problems. Typically, market bottoms are formed just when it seems that the world is coming to an end. We can never see the catalyst that will change the sentiment on Wall Street. Fundamental changes are taking place that will move this cycle forward. Interest rates remain low, tremendous liquidity is being pumped into the global economies, and excluding the

financial sector, corporate balance sheets remain strong. The equity markets are inexpensive because bad news has been priced into share prices. As we move through the current financial concerns while hopefully receiving some relief at the pump, the market will begin to look forward to the future. Staying the course is the best action over the long term. In the meantime, our wealth preservation philosophy has preserved value in this difficult period and we remain conservatively positioned.

As my recent email stated, all of our investment strategies had very good performance in the second quarter. Eight of our nine strategies finished the quarter with positive returns. All nine of our investment strategies handily outperformed their market benchmarks.

**Braver Wealth Management
Second Quarter Investment Performance***

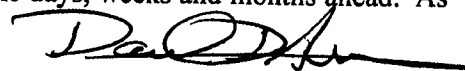
Program Name	Second Quarter Performance*
Sector	14.03%
Strategic Portfolio	5.51%
Diversified	3.73%
High Yield	3.34%
Asset Allocation - Aggressive	1.31%
Asset Allocation - Moderate	1.21%
Asset Allocation - Conservative	1.09%
Muni	1.14%
Tactical Allocation	-0.78%
Respective Benchmark Performance	
S&P 500 Index	-2.90%
75% S&P 500 Index / 25% Aggregate Bond	-2.34%
60% S&P 500 Index / 40% Aggregate Bond	-2.03%
Morningstar - Moderate	-0.92%
Morningstar - Conservative	-0.90%
NASDAQ	0.72%

*BWM performance results are gross returns, are preliminary in nature and are subject to change. Actual client performance may differ from the average program return indicated due to customization of client portfolios.

Our out-performance has continued in July as many of our investment programs remain invested in cash. Our High Yield Bond, Diversified, and Tactical Allocation Programs have all been mostly invested in cash throughout July. Our Strategic Portfolio, although fully invested, has over 40% of its portfolio invested conservatively in fixed income and alternative investments. Our Asset Allocation program is always fully invested and is subject to market conditions but our prudent diversification and strong fund picks helped these portfolios hold up far better than the market averages. Rest assured that we remain focused on risk control with our eyes toward an eventual recovery as financials and energy improve.

Company News

As you know, Dan Traub left Braver in June. Obviously we are disappointed by Dan's decision, but our talented team remains focused on growing and preserving our clients' portfolios. Our investment team has a deep bench and I look forward to adding my own twenty plus years of portfolio management and security analysis skills to our efforts. We are actively seeking a replacement for Dan and have a number of strong candidates in the pipeline. I look forward to meeting many clients in the days, weeks and months ahead. As always, please call any of us with your questions or concerns.


David J. D'Amico, CFA