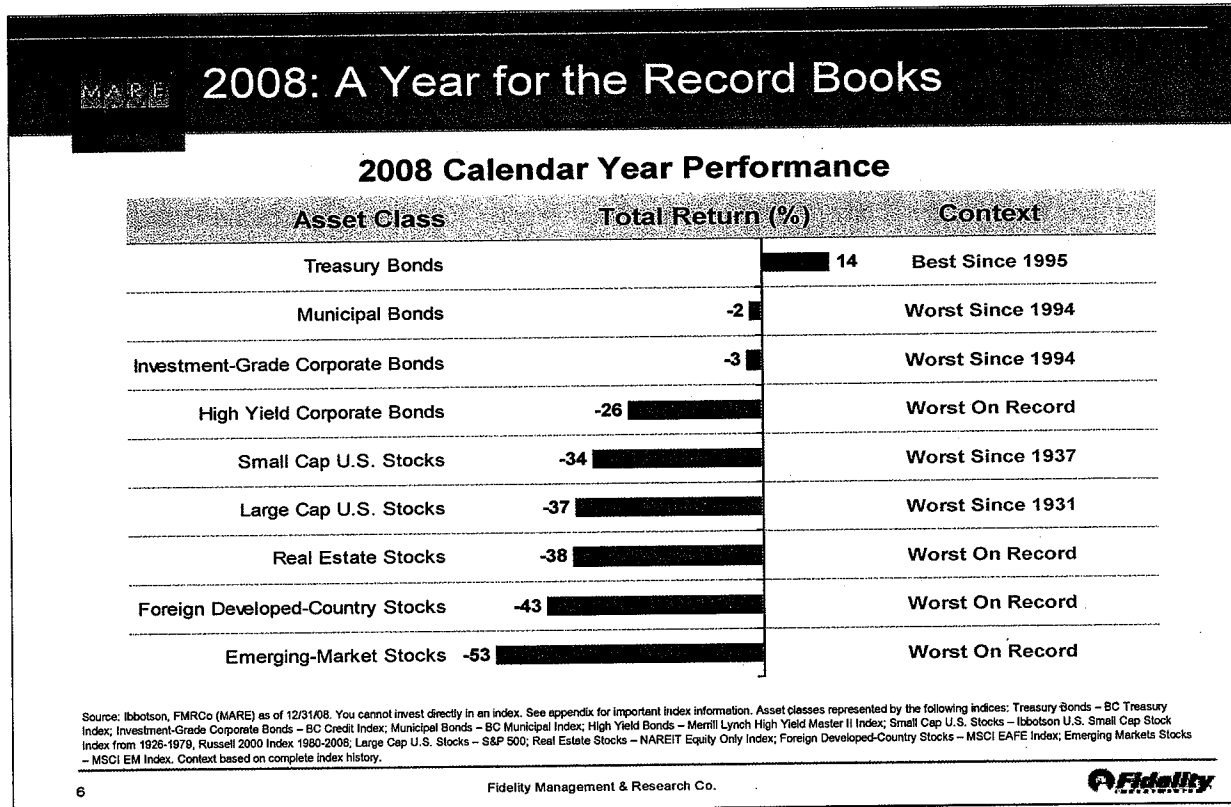




Wealth Management, LLC

Fourth Quarter and Year in Review

The fourth quarter of 2008 was the exclamation point on the worst year for U.S. stocks since the 1930's. The volatility experienced during the fall reached the highest levels ever for the financial markets. This turbulence was not isolated to the U.S. equity markets; the credit crisis caused the global fixed income markets to freeze; the options markets experienced pricing dislocations in October that have been commonly explained as once in a lifetime events; commodity prices fell off a cliff as demand screeched to a halt, and international economies and markets were roiled. Except for U.S. Treasury securities, no asset class made money in 2008. This simultaneous wealth destruction across all asset classes has rarely been seen before. The New Year was a welcome sight to many, not only to usher in a New Year but even more so to say good riddance to 2008!



Braver Wealth Program Performance

Wealth Preservation Programs Shine in 2008

All of our Wealth Preservation Programs had an exceptional year in these turbulent conditions. Two of these programs, Diversified and High Yield, finished the year with positive returns! Our Municipal Bond and Tactical Allocation Programs were down modestly but were well ahead of their comparative benchmarks. Our Strategic Portfolio fell -14.5% but remained well ahead of its balanced benchmark which was down -26.4% and the S&P 500 Index which fell -37.0%. In one of the most challenging investment climates ever witnessed, we are very pleased that these investment programs were able to help many of our conservative clients hold value and preserve wealth. Throughout the quarter and the year, the quantitative investment disciplines maintained in these programs signaled a shift to cash and these conservative decisions worked very well in this highly volatile atmosphere.

25 Christina Street
Newton, MA 02461
T 617.969.0223
F 617.969.0224
www.thebravergroup.com

Asset Allocation & Sector Rotation

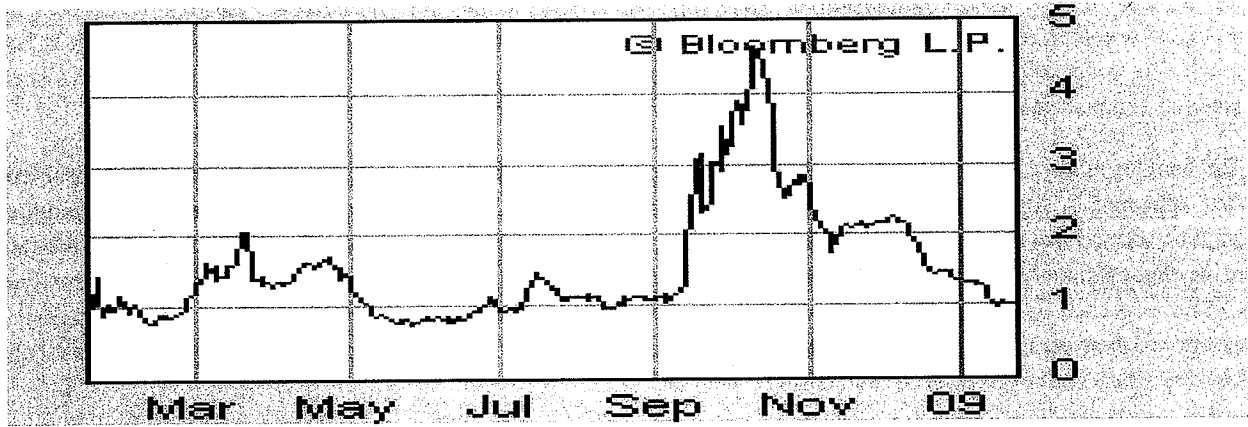
The broad based selloff that persisted through the year and accelerated in the fourth quarter was very difficult to avoid for traditional investment strategies. Our fully invested Asset Allocation program and our more aggressive Sector Rotation program had difficult years and performed similar to the broad market averages. However, Sector Rotation, even with its more aggressive goals, did manage to outperform the comparative indexes by over 5% for the year. The discipline of prudent diversification will help to mitigate severe negative investment returns. If one asset class suffers, other asset classes pick up the slack as they are the beneficiaries of the cash rotation by investors. However, as illustrated above, 2008 was a very unique year with all asset classes except for Treasuries falling in unison. Investors shunned any risky asset class in favor of cash and Treasury securities. Downside protection in this environment was difficult to achieve. The discipline of remaining invested has historically paid off very well for those investors that have the ability to stay the course. As we enter 2009, we remain confident that these time tested strategies will once again pay benefits as the economic and investment climate normalize.

The Credit Markets Have Improved

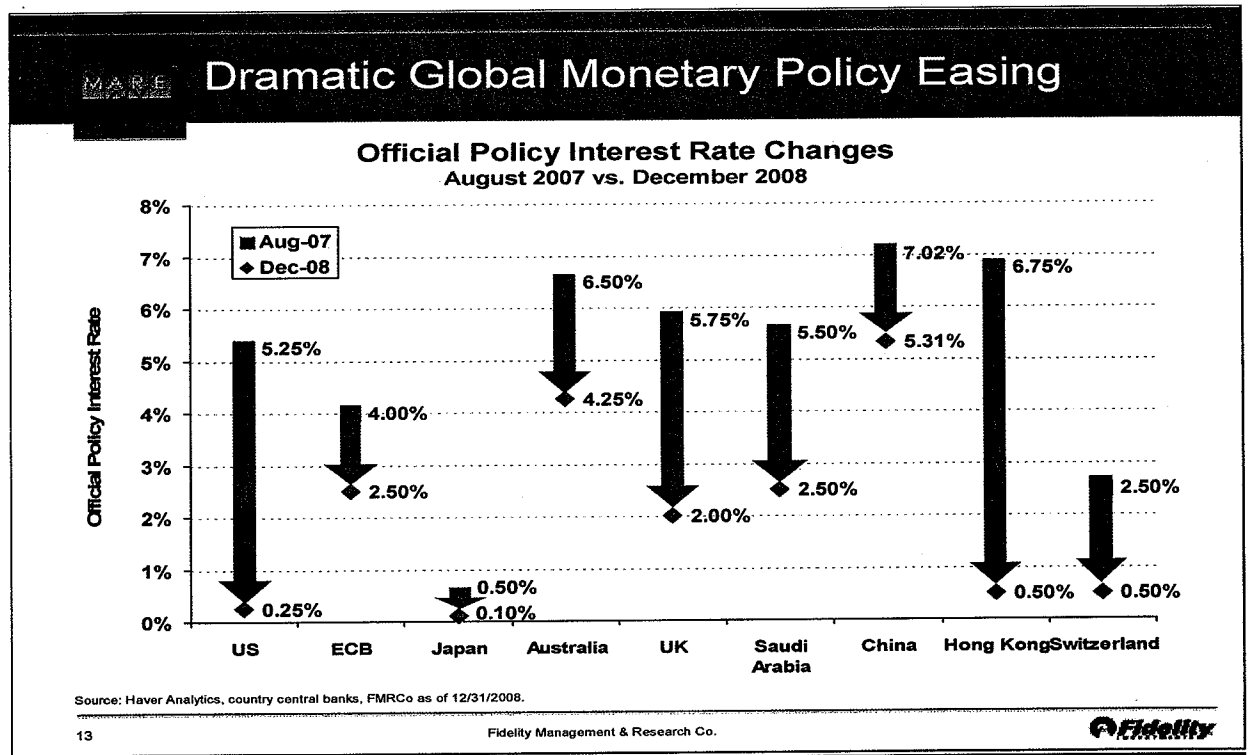
Although the investment environment may not seem improved, one must look beyond the headlines and the media fear to gain a better perspective. Progress has been made in just a few short months. In October, the panic centered around the credit markets and seizing of bank lending. Bank to bank lending stopped as balance sheets eroded and credit markets froze and this led to a stoppage of bank lending to consumers and businesses. The financial markets panicked and were in free fall. Volatility reached all time highs. Business activity virtually stopped as access to capital contracted and uncertainty took over and halted decision making.

One common measure of fear and risk in the capital markets is the TED (Treasury to Euro Dollar) spread. This essentially measures the confidence that banks have in lending to each other. You will note the longer term average is less than 1 and how the measure spiked up to well over 4 in October.

TED SPREAD



In response to the panic, The Federal Reserve Bank adopted a bank bailout program and a massive monetary stimulus program. The liquidity injections in the U.S. and around the globe have come in record amounts. The coordination of interest rate cuts and other monetary stimuli have never been so impressive in their aggressiveness while seamless and synchronized around the globe. Although they have come with much criticism, there is no doubt that based on the TED Spread and other similar indicators, the credit markets are much improved and some lending is once again occurring. We have a way to go but this is improvement nonetheless and we must start somewhere. The following chart summarizes the breadth of the monetary stimulus around the globe:



Major Uncertainties Remain

The stimulus actions have begun to improve the credit markets. Financial market volatility has also been reduced and is trending back to more normal levels. The panic seen in October has been replaced with the realization that the world is in a deep recession led by the demise of the U.S. real estate market and our banking system. This is not much of a consolation, but believe it or not, it is improvement. The country and the world economies have seen banking and real estate collapses in the past and we have been through deep recessions.

The banking system needs to be fixed. We are not in the first inning but more likely the fifth or sixth. This problem first appeared in August of 2007 when two of the nation's largest home lenders, Countrywide and Washington Mutual, warned that their profits would be severely impaired by the mortgage market. Banks are deep in the process of writing off many bad loans while removing the leverage that inflated asset prices. The concerns have intensified and have reached epic proportions. There is no easy solution to this deleveraging process. Banks will take massive charges to their earnings and some will fail. This is very hard medicine and a concerning process. It will cost U.S. taxpayers hundreds of billions of dollars if not trillions.

Government officials continue to meet to determine the best course of action for the banking system. We continue to believe that although the challenge is daunting and the system is in need of desperate repair, a healthy banking system is vital to our economy and at the center of a recovery. The Federal Reserve Bank is using all its tools to correct these issues and we trust that as we progress forward conditions will slowly improve. Loans will be written off, the government will help to instill confidence with a more concrete plan, the strong will emerge and gain market share, and lending will once again flow and help improve economic conditions.

The New Administration

Regardless of one's political beliefs, the ushering in of the new administration comes at a good time for our country. It is apparent that the country needs a breath of fresh air and the hope that comes along with change and new leadership. As much as anything, the country is suffering from a crisis of confidence. A new voice of hope, enthusiasm, and energy at the top can go a long way in improving consumer and business psyche. Newly elected President Obama certainly has as many challenges as any President in recent memory. But the economic cycle is closer to a trough and with sound advice from a strong economic counsel, the decisions made within the first 100 days could very well move this cycle in the right direction. The Federal Reserve and the world stimulus have already set the stage for the opportunities for improved economic conditions. Additional stimulus is also on its way and of course energy prices remain very low.

We must remember, however, that monetary stimulus takes six to twelve months to typically show improvement in the underlying economic conditions. As such, this new hope and breath of fresh air combined with the tremendous stimulus, gives us conviction that the economic conditions will gradually improve as the New Year progresses.

Thank you for your business.



Dave D'Amico, CFA

President