5 Becker Farm Road
Roseland, NJ 07068
Tel: 973.535.9577
Fax: 973.535.9777
info@WealthHealthLLC.com
www.WealthHealthLLC.com

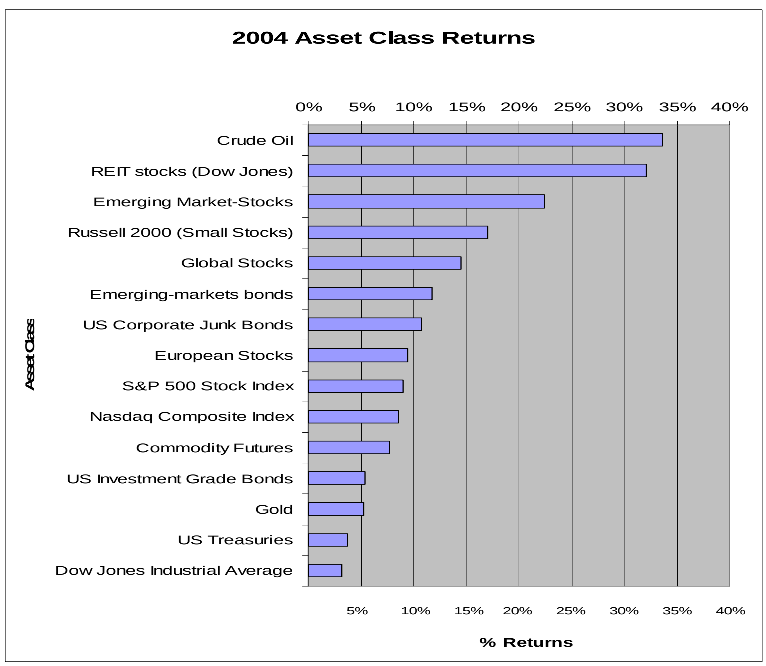
2004 Year In Review – Weathering The Storms

One recurring theme of the history of the US stock market is *storms*. From wars to financial crises, there have always been storms. The 2004 investment year was like a humid afternoon, with many small thunder showers threatening to spoil our 2003 sunshine. Yet despite the forecasts, US markets weathered the storms of a Presidential election, political uncertainty, corporate scandals, record high oil prices, and a weak US Dollar. In the face of these storms, US markets showed tremendous resilience, with the S&P 500 up almost 9% for the year.

Though not as impressive as 2003, the 2004 investment year brought a second consecutive year of positive performance to the equity markets. Gains in 2004 were concentrated in November and December, as the uncertainty over the presidential election held markets at bay. The re-election of President Bush ended this uncertainty and assured investors that they would not face a tax increase (e.g., corporate taxes, dividends, and capital gains) or new regulations. The President's re-election appeared to boost investors' confidence in a low tax, low inflation economy.

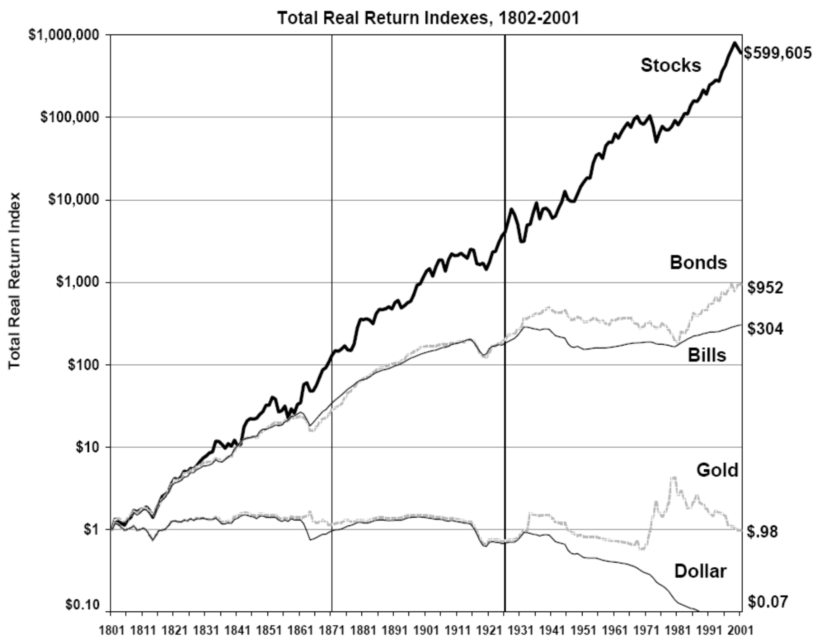
Positive signs in the economy should help to overcome the many challenges that lay ahead for the markets in 2005. High energy prices, a weak US Dollar, large budget and trade deficits, the conflict in Iraq, and the continued threat of terrorism at home and abroad are all serious short-term obstacles to success. However, these obstacles are offset by many encouraging signs for growth. On the political front, elections in Iraq should begin the process of US extrication, while the recent passing of Palestinian Leader Yasser Arafat has led many to believe in a renewed potential for peace in the Middle East. Meanwhile, measured interest rate increases should help the dollar to land softly and keep inflation low, while increased consumer confidence and corporate profits should bode well for stocks. Finally, increases in employment and productivity growth should benefit US equities in 2005.

The last three years saw an average annual increase of nearly 10% in International equities based solely on declines in the US Dollar. In addition to remaining fundamentally strong, International equities should continue to benefit from further expected declines in the US Dollar throughout 2005.



* From *The Wall Street Journal*, Monday, January 3, 2005

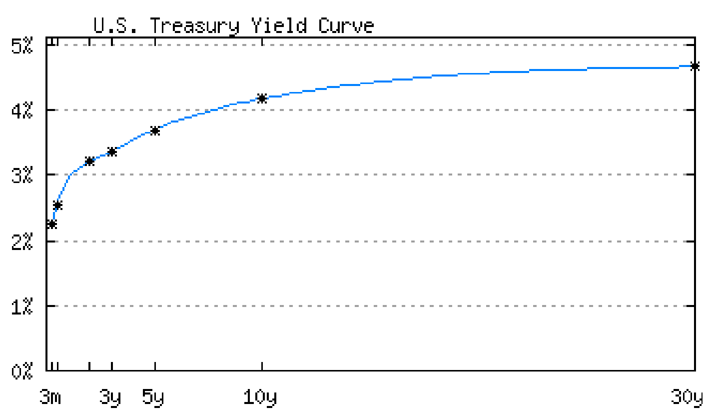
Storms have always been and will always be present. The forces of markets have been like those of nature, imposing their will at unpredictable times. Successful long-term investing is not about guessing what the weather will be like tomorrow, but rather understanding history and allocating your portfolio such that you and your portfolio can handle the unexpected. Historical returns on equities have outpaced those on all other assets. When looking at past returns of equities, we see that those violent storms from our past, e.g., the Civil War, WWI, the Great Depression, WWII, the Oil Crisis, etc., appear as mere blips in the long-term returns of stocks. In addition, while we understand the impact that short-term volatility has on your portfolio, as advisors, we recommend that you balance the short-term concerns with the long-term objectives. Wealth Health's long-term strategy is one that avoids the pitfalls of market timing and incorporates several asset classes based on your optimal risk and return. Diversification across asset classes helps to achieve this optimal risk while benefiting from the often varied and unpredictable success of different asset classes.



* From *Stocks for the Long Run*, Jeremy Seigel, 2002

As for our fixed income portfolios, as short-term interest rates increase and the yield curve flattens, to continue to avoid the riskiest part of the curve, we recommend maintaining a short to mid-term duration barbell portfolio for your fixed income allocations. In addition, personal income tax situations should continue to be monitored to determine the most appropriate asset location (taxable vs. tax deferred accounts) for your fixed income and the right mix of tax free and taxable bonds.

As you know, Wealth Health allocates portfolios based on an investor's applicable time horizon, income needs, and risk tolerance. Despite recent strong performance and the potential for future short-term movements, Wealth Health holds firmly to the belief that the best course of action is to stay disciplined to your established strategic portfolio allocation. This discipline ensures that you not only have a sound investment policy



* From Yahoo Finance

on your side, but also history. It is the adherence to the facts of investment history, not the advice of pundits and prognosticators, which adds value to your portfolio and distinguishes you as a knowledgeable investor, separate from the herd.

We wish you and your family a happy, healthy, and prosperous 2005.

Sincerely,

Richard Coppa, JD, L.LM, CFP

Darin Gartland, CFP, EA

Please contact us at 1-973-535-9577 or e-mail any questions to us at info@WealthHealthLLC.com.