

Blue Bell Private Wealth Management

"We put the odds in our client's favor"

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Our Partnership with JP Morgan

Structured Products Group

Blue Bell Private Wealth Management prides itself by trying to earn a very competitive return while attempting to reduce your exposure to undue risk. Recently we attended the first Structured Investment Conference in New York City hosted by JP Morgan, along with approximately 40 participants from coast to coast. We were initially treated to a one hour presentation from Larry Kudlow of ABC radio and host of his own CNBC show, Kudlow & Company, which airs 5-6pm Monday through Friday. The focus for the balance of the day dealt with educating the attendees to the benefits and inter-workings of structured investments. We were invited due to our relationship with JP Morgan, as well as our experience in this area over

the past 10 years. Some of the topics covered included ways to reduce risk in portfolios, gaining access to various markets and strategies, and monetizing unique investment views (i.e. upside leverage, investing in sideways markets, out-performance strategies, and managing money for those with bearish market views). We also discussed the international equity markets, including Asia, Europe, and the emerging markets, as well as commodities (gold, silver and currency fluctuations).

On Friday, May 19, we hosted a professional conference with JP Morgan to discuss Structured Products and we look forward to sharing the benefits with you. Our partnership with JP Morgan and other investment banks provides us with custom invest-

ment vehicles for our investors, including educational materials describing structured products and web content for both investment professionals and individuals. JP Morgan also provides investments designed for our managed accounts, such as the S&P 500 Accelerated Return Note. We are always looking to create the utmost value for our investors by comparing costs, buying at discounts and suppressing fees in order to produce greater relative returns.

I was flattered when at the conclusion of the meeting I was interviewed by a New York Times reporter in attendance who was referred to me by the JP Morgan Structured Products team. They were impressed with our overall understanding of this fast growing investment area.

Make Your Life Easier By Consolidating Your Assets

Over the past few years the major publicly traded brokerage firms have quietly charged their clients excessive fees on IRA accounts. These unnecessary fees, such as the fee for the mere "privilege" of holding your IRA, are very easy to avoid and more importantly, should be avoided! By simply combining your IRA account under one advisor and one firm, these ex-

cessive fees can be eliminated. Here at Blue Bell Private Wealth Management, we do not charge IRA custodial fees and we provide full-time management without commission conflicts. Our goal is to keep the best interests of our clients in mind at all times. Most of the investors that reach the age of 70 1/2 understand the benefit of holding all of their IRA's in one loca-

tion. This makes calculating the required minimum distribution much easier and more efficient, and also allows for better tracking of the overall investment performance of your portfolio. We would be happy to assist you in transferring an old IRA or 401(k) from a previous employer. Please contact Justin or Joe with any IRA transfer questions you may have.



Get Rid of Paper



Statements and confirmation delivered via email rather than traditional mail are the preferred choice for safety, time efficiency, avoiding paper shredding, the advantages of downloading to Quicken 2006, as well as many others. According to a recent study only 12% of reported identity fraud occurs online. You can elect to receive corporate mailings online. Here is a list of some benefits to accessing your financial statements online:

- **Reduced Paperwork:** you can eliminate the need to file paper confirmations and statements and instead store them with your own electronic filing system. Schwab provides access to statements for the current year as well as the prior 3 years.
- **Convenience & Flexibility:** you can access e-confirms and e-statements on demand, wherever you have an internet connection. It is not tied to a specific location.
- **Speed:** you will receive e-confirms within 24 hours of a trade vs. 3-5 days by mail. You can receive e-statements online by the end of the 5th business day each month.
- **Reliability & Security:** e-confirms are sent to the email address you provide and do not contain any private information. Your e-statements are accessible via Schwab's secure website and electronic delivery minimizes the risk of delivery to the wrong recipient.
- **Lower Equity Pricing:** you may qualify for lower online equity trade pricing when you subscribe to e-confirms/e-statements.

Key Terms to be

Familiar With

1. Contingent Deferred Sales Charge (CDSC)
2. Distribution or Servicing Fees (12b-1)
3. Net Asset Value (NAV)
4. Sales Charge
5. Selling Concession
6. Structured Product

15 Investments You Should Avoid (cont'd)

In our winter addition, we listed 15 investments we think you should avoid. Of all of the articles I have written in previous newsletters, this topic invoked the most response. It is one of our goals at Blue Bell Private Wealth Management for you to understand our value-oriented approach; why it is sometimes easier for us to eliminate investment areas then to choose the correct place to be. The giant, commission-oriented brokerage firms are having great difficulty due to clients' becoming more aware that much lower commission rates are available elsewhere. With this in mind, these firms continue to market investments which have extremely high "hidden charges". Of course, if you read the prospectuses, these charges are listed but it is up to you to discover them. In my opinion,

this is just not fair. Obviously, this is not the type of relationship that promotes good trust between advisor and client. I believe the old adage "you get what you pay for" is not always true in our business. Possibly the saying should be "the commission salesman gets what you pay for". This statement is no more correct in any investment area I can think of than that of new issued closed-end funds. In the past, I have offered a specific example of how horrible you should feel about a salesperson who offers you a closed-end fund as a new issue. I recently read a prospectus for a fund issued at a 5%+ premium to net asset value which had, within a short period of time, fallen to a 17%+ discount (22%+ decline from the purchase price). I have read no less than 25 times in the prospec-



tus the caution of closed-end funds falling to a discount. The following statement from the fund's prospectus is particularly disturbing: "shares of closed-end funds generally trade at a discount from net asset value and this creates a risk of loss for an investor purchasing shares in an initial public offering".

In future editions, I will continue to offer my opinion on the many investments you should avoid. Remember, our goal is to put the investment odds in your favor.

Staying Focused on Your Investment Objectives

I feel one of the advantages we bring to our clients as fee-only advisors is to keep you focused on the fundamentals. By this I mean the advantages of diversification, minimizing the expenses you are paying, focusing on your long-term objectives and reviewing the risks and rewards of your various investments. Individual investors must constantly resist the market temptation of the moment. Emotions are difficult to keep in check, especially as gold, commodities, energy and international markets have leapt in recent months. With the newspapers, TV, and radio reports talking about the Dow Jones and S&P 500 averages hitting new 6-year highs, I unfortunately am beginning to see some investors becoming more speculative. I guess

they didn't learn their lessons. When you take a closer look at what the 6 year high represents, you must keep in mind that in some cases the indexes



are simply returning to where they were in 2000. As of this writing, the S&P 500 is still down 17.72% from its high. The NASDAQ is lower by

57.85%. This is not exactly enough of an upward move to make the speculators of the past very happy; the NASDAQ average needs a 137% move just to get back to even. Our focused long-term, value-oriented approach takes discipline and is designed to return better risk adjusted returns, especially over the long-term. As large, publicly-traded brokerage firms continue to offer the new "hot product" (which as you know isn't necessarily any better, see my comments on closed-end, new issue funds), we are still believers in the tried and true concept of long-term investing. This should help you avoid excessive losses when the "bubble bursts", as it did in 2000/2001.



Avoid "bonus annuity" plans

A recent article by John Waggoner in USA TODAY states: "If you think you really can get something for nothing, you probably believe in Atlantis, the wee folk and the claims of unscrupulous salesmen". Recently some companies have started to offer "bonuses" to investors who buy their annuities. The bonus is typically 1% to 5% of the amount you contribute. Nothing wrong with that. The problem: salespeople may neglect to tell investors that they often pay for that bonus through higher ongoing fees, longer surrender periods or higher surrender charges. I would be happy to send you a copy of the article or direct you to the website.



Don't Make the IRS Your Beneficiary

If you have not yet named a beneficiary on your IRA account, then please call us today to do so. We are sure that you don't want the United States Government to inherit your money when you could have chosen your own beneficiary. It is important to make sure your money ends up where you intend it to go. Please call us for more information and to update or change your IRA beneficiary information.

529 Plans: Watch Out For the Fees!

Again, my belief is to never purchase a 529 plan from a commission salesperson. The fees and expenses are outrageous and in my opinion outweigh the potential benefits. If you are interested, I will be happy to direct you to one of the low cost providers in the industry.

Our Relationship with Charles Schwab Institutional

We hired Charles Schwab Institutional (CSI) to custody our client's assets and for their trading platform. CSI is responsible for the safekeeping, reporting, and valuation of your assets. We do not work for CSI, they work for us. Our objective at Blue Bell Private Wealth Management is earning you a very competitive return while attempting to reduce your exposure to undue risk.

Closed-End Fund Fact of the Month

Buying closed-end funds at a steep discount can work well for patient investors, according to John Waggoner, financial columnist at USA TODAY. He studied returns over the past five years and found that the priciest 20% (likely trading at a premium) posted an average cumulative total return of 48%, which is not bad considering the S&P 500 gained 14%. The 20% with the steepest discounts gained 160% on average.

One-Year Anniversary

On the evening of April 26th, we hosted our one-year anniversary party. We had a great turnout with over 100 clients, family and friends attending the two-hour event. We would like to thank all of those who attended, as well as those who were unable to, for your patience, faith and support during this past year. We could not have done it without you!



(Pictured from left to right are past and present employees of the Miller Group: Sarah, Kristin, Ray, Sheila, Scott Jr., Jackie, Scott Sr., Caitlin, Justin, Amisha, Betsy, Rich, Pat, Joe, Greg and Jon.)

Employee Profile: Joseph Francks III

When things go smoothly, you don't hear his name

After his graduation from Saint Joseph's University two years ago, Joe Francks joined the Miller Group, even after being offered an executive level position at another company. Joe quickly proved his worth to our group. No assignment was too tough; Joe would dig right in and get the job done. When Blue Bell PWM opened April 15th, Joe was asked to join us as operations manager and assistant compliance officer.

Joe eagerly accepted the offer (even though he may not have known the piles of paperwork he would find himself in during the next six

months) and helped us efficiently transfer over 750 accounts to our new firm. Things went rather smoothly even with the many roadblocks put in his path. Joe calmly handled the tedious responsibility of confirming social security numbers, middle initials, addresses, types of accounts, retirement plan agreements, option agreements, debit cards, checks, monthly dividend and interest payments, custodian accounts and so much more. Unless you were here, you would have no idea how many responsibilities and tasks Joe handled with care.

Joe's current duties include monthly dividend checks, stock transfers, account transfers, estate paperwork, Rule 144 sales, Roth and traditional IRAs, 401(k) documents; not to mention the entire operations of Blue Bell Private Wealth Management.

Even with things running efficiently, you would like to meet Joe Francks. Please feel free to give Joe a call any time you have any operations question. I assure you in the unlikely event that he does not know the answer, he will research your situation and get back to you with the correct solution.

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Come see us
on the web:
www.bluebellpwm.com

Inflation: An Eye on Interest Rates

In the winter edition of our newsletter we warned about the looming problem of inflation. With the Federal Reserve raising interest rates to 5%, and a higher than expected Consumer Price Index in the first quarter, many believe that the Federal Reserve will have to continue to raise rates. In turn, the market has recently slowed due in part to the fear of inflation, and every speculator has his or her own view as to what will happen during the Fed's next meeting. As you know, we are not speculators, and we feel this is the type of market that we excel in. Please review our winter newsletter and if you have any questions please don't hesitate to call.