

MJB ASSET MANAGEMENT LLC

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RICHARD BREGMAN, CFA, *Chief Executive Officer*

April 30, 2005

Dear Clients and Friends:

The economic landscape is little changed since we last wrote to you. We still face record trade deficits, rising interest rates, low savings rates, low currency valuations, mounting budget deficits, war in Iraq and ongoing political polarization at home. The markets are somewhat changed, however, as fewer investors are choosing to own stocks now than three months ago, evidenced by the roughly 5% decline in the major stock market indices since the start of the year. We understand the drop. Interest rates – at least in the short term – have gone up substantially and are likely to keep going up. When rates go up,¹ bond prices (always) and stock prices (usually) go down. In addition, a few months ago, investors could argue that growth was sustainable based on improving employment figures and consumer spending. But at this point in time; we see little evidence to support additional strong growth. Increased interest payments (for both corporations and individuals) are a drag on consumer spending and corporate profit margins. Oil prices remain quite high with the cost of energy acting as a tax increase on the economy as a whole. Consumer confidence is beginning to wane and we are beginning to see an increased number of corporate “earnings misses.”

For these reasons, we are maintaining a defensive posture in our portfolios. This past quarter, we continued to reduce our holdings in common stock, increase our exposure to alternative strategies and maintain very short bond maturities in client portfolios. For clients with individual stocks, we sold our entire position in McDonalds Corp. after its stock price had run up beyond what we believed to be fair value. We also sold our entire position in Gillette after Procter & Gamble (another of our client portfolio holdings) announced it was purchasing Gillette for cash and P&G stock. Given our existing holdings in P&G, we chose to sell Gillette for cash in the open market rather than sell to P&G for part cash and part P&G stock. We added no new stock positions during the quarter.

For clients with mutual funds, our continued focus on alternative strategies led us to add a new fund, the JP Morgan Multi Cap Market Neutral Fund, to client portfolios. As its name suggests, the JPM Market Neutral fund seeks to generate gains without regard to broad market movements. The fund managers accomplish this goal by maintaining a portfolio split equally between “long” and “short”

¹ The Federal Reserve controls short term rates; the marketplace sets longer term rates through supply and demand.

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positions.² When stock prices rise, the value of the long holdings increases, allowing the fund to participate in the market rise. When stock prices drop, the value of the “shorts” typically increases, giving the portfolio an opportunity to increase in value during market declines.

Our defensive posture served our clients well the past three months, as most of our client portfolios were either slightly up or only slightly down, compared to a 2% drop for the broad markets and a 7% drop in the NASDAQ index of smaller companies. But we have no interest in resting on our laurels. At MJB Asset Management, we are concerned with the present, not the past. Our actions in the present help us create our future. As investment advisors, we are seeking to increase our clients’ wealth in a manner that is harmonious with each client’s internal goals. Given high current valuations and our inability to control markets, we see lots of risk but little opportunity to substantially increase wealth by placing large bets on traditional stock portfolios at this time. As such, we will remain cautious and continue to hedge our exposure until the risk/reward tradeoffs available to us in the stock market shift more towards reward.

Thank you for placing your trust with MJB Asset Management. We look forward to speaking with you.

Sincerely,

Richard Bregman

MJB Asset Management is registered with the Securities and Exchange Commission. We are happy to provide you with a copy of our most recent SEC Form ADV and our confidentiality statement upon request.

² To be “long” a stock is to own it outright. To “short” a stock, the portfolio manager borrows shares of the stock and the sells the borrowed shares on the expectation that the stock price will subsequently drop. The manager can then re-purchase the borrowed shares at a lower price and return them to the lender. The difference between the sale price and the re-purchase price is the profit. This strategy allows an investor to make money on a stock when its price goes down.