

THE EAST END FINANCIAL GROUP

Kosinski Associates, Inc.
318 Roanoke Ave.
Riverhead, NY 11901

Phone: 631-727-8111
Fax: 631-727-1817
www.eastendfinancialgroup.com

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Dear EEFG Advisory Client,

We have enclosed your quarterly reports for the period ending June 30, 2012. Please continue to file these reports in your East End Financial Group portfolio binder.

Review of the Second Quarter of 2012

Despite the unsettled and volatile environment, the Dow posted a respectable 5.4% gain at this year's halfway point and the Standard & Poor's 500-stock index rose 8.3%, even after a 3.3% retreat in the second quarter. The second quarter negatively affected economically sensitive commodity prices. Oil collapsed 18%, and copper slid almost 9%. Investors flocked to the perceived safety of government bonds, sending the yield on the U.S. Treasury 10-year note down 0.6 percentage point to 1.66%. Volatility also returned after a calm start to the year. The Dow posted 22 days of triple-digit moves during the second quarter, compared with six in the first quarter. The MSCI AC Asia ex-Japan Index, a broad measure of stocks across the region, fell 7.9% in the second quarter but is up 4.5% year to date. (Note that unless noted all figures represent total rates of return, measuring both price changes and reinvested dividends, supplied by Morningstar)

Investment Outlook

Stocks have gotten support from continued healthy corporate earnings. During the first quarter, the companies in the S&P 500 beat much-reduced profit expectations, including some record profits. Margins also hit a record. Although companies have been talking down expectations for earnings, analysts believe profits hit yet another record in the second quarter.

With government policy playing a greater-than-usual role in driving financial markets, we are carefully eyeing the November U.S. presidential election and the year-end expiration of tax cuts and economic stimulus that could drive the U.S. economy into recession should Congress fail to step in. Uncertainty alone could stall business activity. And that might imperil one of the few continued bright spots in the markets: healthy corporate profits. Meanwhile, the Federal Reserve seems to be reaching the limits of its abilities to prop up the economy, where employment gains have slowed after healthier readings earlier in the year.

Diversification and Allocation

We continue to stress diversification and moderate allocation in our portfolio construction. When the waves get choppy, you move to the middle of the boat for stability. Similarly, in uncertain market conditions (when are they ever certain?), a blend of equities, fixed income, and alternatives (like commodities and real estate) can reduce volatility while providing income and appreciation potential.

News at EEFG

After 16 years of dedicated service to the firm, Vi Nicoll retired June 29th. As the person that manned the front desk at Roanoke Ave and handled the majority of our phone calls, Vi was the first person the

Financial Planning ♦ Investment Advisory Services ♦ Retirement Programs
Advisory Services/Financial Planning Offered Through: The East End Financial Group
Securities Offered Through: American Portfolios Financial Services, Inc. MEMBER: FINRA, SIPC
Kosinski Associates, Inc. and East End Financial Group, Inc. are unaffiliated entities of
American Portfolios Financial Services, Inc.

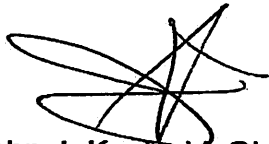
public had interaction with at East End Financial. Besides doing an outstanding administrative job for us, her always upbeat personality made visitors and callers feel immediately at home and welcome. She will be relocating to upstate NY to spend more time with her daughter and grandson.

We continue to work on revamping our website. When finished, the site will allow for a more user friendly environment, social media interaction and a blog, which John hopes to begin writing by the end of the year. Our goal is to have this project completed in the fourth quarter of 2012. In addition, we would like to again offer to email you a weekly "East End Financial Group Market Recap" summarizing the past week's markets performance, investment headlines, upcoming data and current EEFG news for the weeks ahead. We only send this to clients that choose to receive it. ***If you choose to receive our weekly newsletter, you need to email us at assistant@eefgcorp.com. State your name, and confirm you wish to sign on to our emailing list.***

Summary

For 30+ years we have stressed diversification as your best defense in protecting portfolio values. We have enclosed the attached chart which shows average monthly return over the last 20 years for a pure stock portfolio, a pure bond portfolio, and a 50/50 blend of stocks and bonds. The chart illustrates that while a 50/50 blend will not capture the full upside of the best month (4.36% versus 7.81% for pure stock portfolio), it will protect during the worst months (-3.79% versus -8.29%) and while a pure bond portfolio was up 0.71% in the worst market month, it is only up .91% in the best market month. A member of our advisory team will be contacting you to review your account and discuss any financial planning issues unique to your personal situation. As always, our long-term goal is a simple one; to provide the personal service you deserve and to furnish the programs and guidance that will allow you to reach your financial goals and objectives.

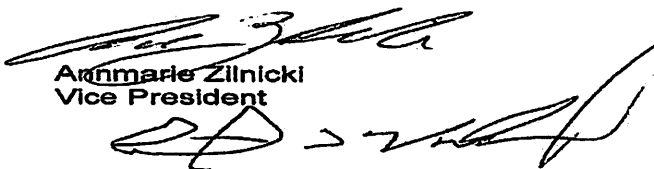
Best regards,



John J. Kosinski, CLU, ChFC, MSFS
President



Joseph Kosinski
Investment Advisor



Annmarie Zilnicki
Vice President



Jack Kosinski
Investment Advisor


Ernest Vorpahl, CFP®
Investment Advisor



Colin Moors
Registered Associate



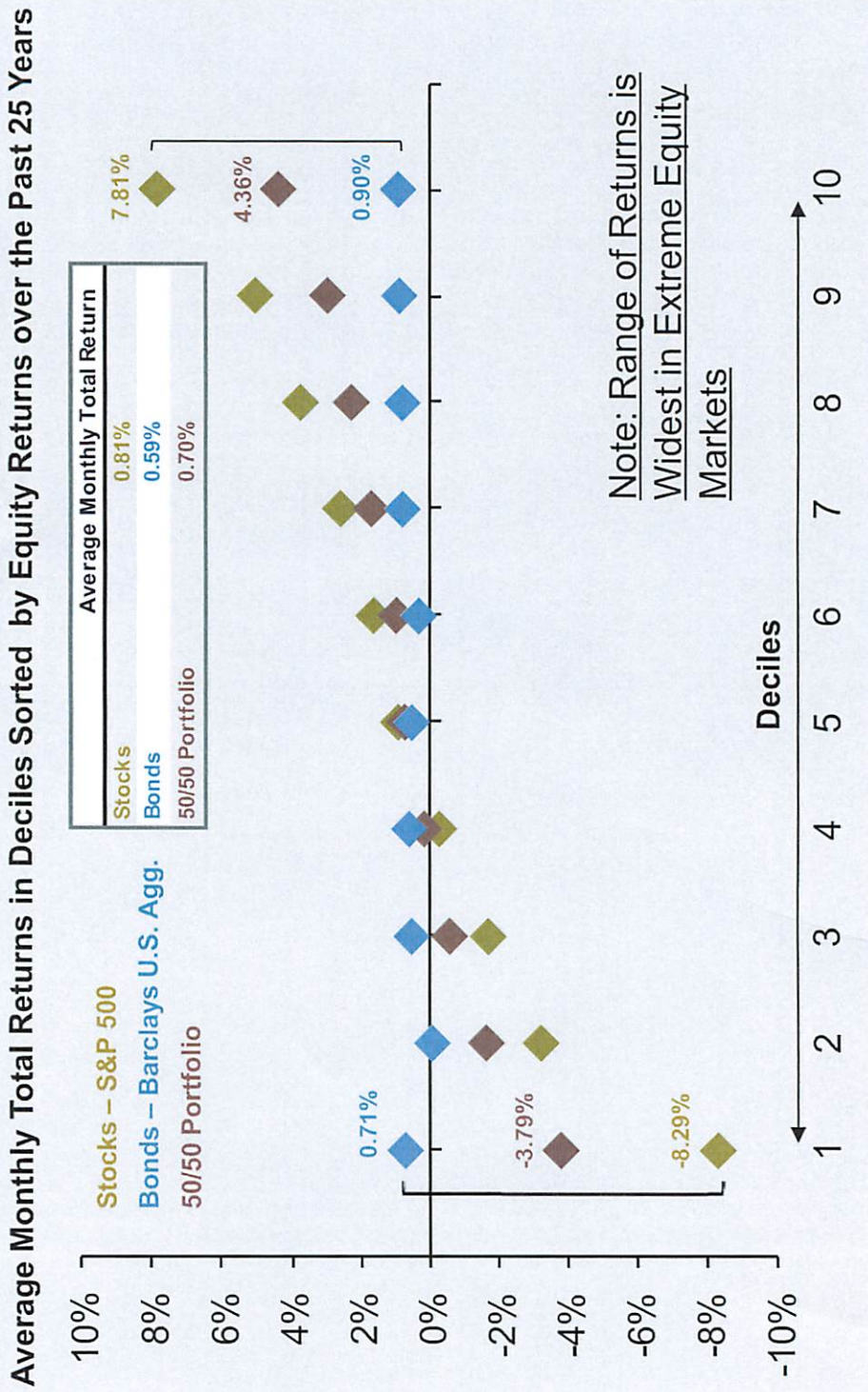
Meredith Diamond, CFP®
Investment Advisor



James M. Kenny
Investment Advisor

Balance is critical when potential outcomes are extreme

Economy



Source: Standard & Poor's, Barclays, FactSet, J.P. Morgan Asset Management. Data reflect most recently available as of 5/25/12.