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

October 17, 2013

Dear,

We have enclosed your quarterly reports for the period ending September 30, 2013. Also enclosed is our EEFG Privacy Notice for your review.

Review of the Third Quarter of 2013

The S&P 500 continued to improve upon its gains during the 3rd quarter closing up 19.79% year-to-date. The housing market, auto sales, consumer confidence and unemployment also continued to improve.

In a surprising move, Federal Reserve Chairman Ben Bernanke announced that the Federal Reserve would continue purchasing $85 billion a month in bonds. The market had anticipated a decrease in those purchases. However, the Federal Reserve still believes the economy isn't strong enough to begin that process; therefore they will continue accommodating the market for some time with no cut back in the bond purchases.

As mentioned previously, we felt interest rates would rise (as they have) during the course of this year as economic conditions improved. So far that stance has been accurate. The 10-year T-Bill moved from a low of 1.63% all the way to 3%, before pulling back slightly (currently at 2.65%), leaving bonds in negative territory so far this year.

(Note that unless noted all figures represent total rates of return, measuring both price changes and reinvested dividends, supplied by Morningstar)

Investment Outlook

This month marked the five-year anniversary of the financial market collapse, and we have certainly come a long way since September 2008. With the S&P 500 and the Dow once again eclipsing all-time highs and interest rates staying low for the longest stretch in 50 years, investors have seen quite a lot of benefit from the Feds fountain of cheap money.

But despite the strong performance streak, there is no shortage of concerns today, including Fed policy timing, government shutdowns, and the debt ceiling debate. In the current environment, we will continue to stick with our diversified approach.

Year-end Planning Issues

As we head into the last quarter of the year, take some time and address year-end planning issues. A brief summary of these follows:

- Review your outside non-qualified investments to see if any losses should be taken to offset realized gains this year. With assets held at EEFG, we will review this with you, if applicable.

- If you're over 70½, make sure that you've taken your required minimum distribution from any retirement accounts held outside our office.
- Review your existing estate plan to make sure it is in line with your goals and objectives. Double check your beneficiary arrangements on qualified accounts.
- If you are self-employed, discuss with your accountant strategies to defer income and accelerate expenses.

We will be reviewing the areas that specifically relate to you as we hold our client reviews. In the meantime, if you have any questions, please contact us.

Summary

For over 30 years, our firm has stressed diversification in asset classes to provide consistent gains while protecting value in major market declines. Because only U.S. equities have outperformed all other asset classes, our portfolios will lag the broad equity markets because of this diversification. Commodities, precious metals and most bonds have shown losses for 2013, limiting upside portfolio performance. Remember that the inclusion of these asset classes in our portfolios is to provide a more predictable long-term rate of return and to limit downside risk in a major equity sell off.

As demonstrated by the recent political crisis, there is little direction or leadership in Washington. The "kick the can down the road" solution will again be on stage in January 2014. With a fragile economy not fully recovered from 2008, high unemployment measured by historical standards and markets supported by the Federal Reserve's ongoing bond-buying program, it is impossible to take aggressive positions in our portfolios.

Our number one priority continues to be protecting your capital and allowing you to reach your financial goals, whether it is funding for college, buying a new house or positioning your assets for retirement. Expect a call to review over the next quarter and as always, feel free to call with any questions or concerns.

Best regards,

John J. Kosinski, CLU, ChFC, MSFS
President

Joseph Kosinski, ChFC®
Investment Advisor

Annmarie Zilnicki
Vice President

Jack Kosinski
Investment Advisor

Ernest Vorpahl, CFP®
Investment Advisor

Meredith Diamond

Meredith Diamond, CFP®
Investment Advisor

Colin Moors

Colin Moors
Registered Associate